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HANDBOOK OF ASSISTANCE PROGRAMS

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This Handbook of Assistance Programs was prepared for the Food and Nutrition Service (FNS) of the United States Department of Agriculture by Mathematica Policy Research, Inc. (MPR). The development of the handbook was a team effort in which numerous individuals made important contributions. MPR was responsible for preparing program descriptions for those programs that are not administered by FNS, while FNS prepared descriptions of the programs under its jurisdiction. As MPR task leader, Susan Allin coordinated the preparation and production of the handbook, while Ms. Allin and Esther Miller prepared the program descriptions. Tom Fraker served as the project director. Tom Good edited the MPR descriptions and Sharon Clark produced the final handbook.

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Special thanks are also given to individuals in more than a dozen Federal agencies who provided technical expertise to this project by reviewing individual program descriptions and making detailed suggestions for revisions.

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INTRODUCTION

This is a revised version of the <u>Handbook of Assistance Programs</u> that was issued by FNS in 1986. It is intended to serve as a guide to selected major government programs that provide cash or in-kind assistance to the low-income population. It provides concise information on the regulations governing these programs and highlights their interactions with the Food Stamp Program. Descriptive statistics on the sizes of the programs and on state-by-state variation in eligibility criteria and benefit amounts are also provided. In addition to the programs covered in the 1986 Handbook, a section has been added on employment and training programs; this section includes descriptions of the Targeted Jobs Tax Credit (TJTC), the Job Opportunities and Basic Skills Training (JOBS) program, and Food Stamp Employment and Training Programs (FSETP), and the Job Training Partnership Act (JTPA).

Due to the large number of programs that serve the low-income population, it was necessary to restrict the programs considered to those which have significant impacts on the incidence of poverty or are of special interest to FNS. Accordingly, all programs under FNS's jurisdiction are included in the handbook, as well as programs with fiscal year 1988 budgets in excess of $1 billion which provide cash or in-kind benefits for the purpose of meeting the current needs of low-income households and individuals. Some of these programs, such as Social Security Old Age and Survivors Insurance, are not necessarily targeted to the low-income population, but are important sources of income for that group.

Two major categories of programs are excluded from the handbook: housing loan programs and programs providing social services. In general, these programs do not have impacts on the current needs of low-income households and individuals as indicated by the Census Bureau's poverty guidelines.

A number of programs that provide in-kind assistance to large numbers of low-income persons, such as Medicaid, Medicare, and the Low-Income Home Energy Assistance Program, have no impact on the incidence of poverty (when payments are made directly to third parties) but are included in the handbook because the benefits which they provide are important in meeting the current needs of major segments of the food stamp population. The Child Support Enforcement Program, despite having a budget of less than $1 billion, is included in the handbook because of its interaction with AFDC, a program that provides benefits to a large proportion of Food Stamp Program participants. In addition, the $1 billion budget criterion was not applied to the employment and training programs included in the handbook; these were added to expand the scope of the handbook.

The handbook's description of each program follows a standardized format that consists of brief discussions of program regulations and characteristics as they pertain to the following categories:

- **Purpose**--The central objective of the assistance program is described.
- **Authorization, Funding and Administration**--The legislation that initially established the program is cited. The source of funding (federal, state, local) of the program is also noted, along with the agency or agencies responsible for administering the program.
- **Filing Unit**--Here it is noted whether the program's basic demographic unit for the determination of eligibility and benefit levels is the family, the individual, or some other demographic unit.
- **Categorical Eligibility**--Under this heading, restrictions on program eligibility that are unrelated to income and assets are noted. These may include restrictions on the age and employment status of members of the filing unit, as well as restrictions related to the presence of children in the filing unit.
- **Asset Limit**--The maximum amount of assets (resources) that a filing unit may have while retaining eligibility for the program's benefits is noted under this heading.
- **Means Test**--The maximum amount of income that a filing unit may have while retaining eligibility for the program's benefits is noted.

- **Countable Types of Income**--The sources of income that are counted in determining a filing unit's eligibility to participate in the program and its level of benefits are noted.

- **Benefit Formula**--The formula that is used to determine an eligible filing unit's benefit amount is described.

- **Indexing**--Procedures that are used to adjust the program's eligibility criteria and benefit levels for changes in the cost of living are described.

- **Recipient Characteristics**--Selected recent statistics that describe the recipients of benefits under the program are provided.

- **Interactions with the Food Stamp Program**--Under this heading, it is noted whether certain participants in the program are automatically eligible for food stamps and whether food stamp recipients are automatically eligible to participate in the program. The treatment of program benefits in determining eligibility and benefits under the Food Stamp Program is also discussed. Available statistics on participation in the program by food stamp recipients are presented.

- **Interactions with Other Programs**--Here it is noted whether participants in the program are automatically eligible for benefits under those assistance programs and vice-versa. Also noted are: (1) whether other assistance benefits are included in the program's definition of countable income, (2) whether benefits provided by the program are countable income under other programs, and (3) whether benefits provided by the program are taxable.

- **History of Recent Major Program Changes**--This section highlights major program changes that have occurred since 1986.

- **Program Statistics**--Recent statistics on the number of program participants and on the total amount of benefits distributed are presented. For state-administered programs, data describing the variation among states in eligibility criteria and benefit levels are presented.

CASH AID

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OLD AGE AND SURVIVORS INSURANCE PROGRAM (OASI)

Purpose

To provide monthly cash benefits to retired workers and their dependents and survivors, based on work experience in insured employment

Authorization, Funding, and Administration

- Social Security Act of 1935
- 100 percent federally funded
- Administered by the Social Security Administration, U.S. Department of Health and Human Services

Filing Unit

Individual

Categorical Eligibility

Retired workers age 62 or older with work experience in covered employment are categorically eligible for OASI. Work experience is defined as one quarter of coverage for each year elapsing after 1950 (regardless of when acquired) or the year in which the worker attained age 21, if later, and before the year in which the worker attains age 62 or dies. Effective 1990, one-quarter of coverage is credited for every $520 of earnings. No more than four quarters can be credited in one year. Workers with 40 or more quarters of coverage are fully insured for life. A worker is currently insured if he or she has at least six quarters of coverage during the 13-quarter period ending with the calendar quarter in which the worker died, most recently became entitled to disabled-worker benefits, or became entitled to retired-worker benefits.

Spouses and other family members or survivors are eligible for benefits if they meet certain requirements. Spouses are eligible if they are age 62 or older, or if they are caring for one or more of the worker's entitled children who have not reached age 16, or if they are disabled. Divorced spouses are eligible if they are age 62 or older, not remarried, and were married to the insured worker for at least 10 years before divorce. A nondisabled widow(er) or surviving divorced spouse age 60 or older is eligible for benefits if the worker was fully insured. A young widow(er) or surviving divorced spouse can receive benefits if he or she is caring for a child who is under age 16 or who is disabled. These beneficiaries can receive benefits if the worker was either fully or currently insured. Widow(er)s or surviving divorced spouses age 50 to 59 can be entitled to benefits if they have a disability that began no later than seven years after the month in which the worker died or seven years after the last month in which they were entitled to a widow(er) benefit. Widows or widowers who remarry after age 60 or after the date on which they became disabled can continue to receive benefits. Dependent parents of a deceased fully insured worker, age 62 or older, may also receive benefits.

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Children of retired and deceased workers are eligible for benefits if they are (a) under age 18, or are (b) between ages 18 and 19 and are full-time students in elementary or secondary schools or are (c) age 18 or older and were disabled before age 22. Child beneficiaries must be unmarried. However, benefits to disabled children can continue if they marry certain other Social Security beneficiaries. Grandchildren are eligible for benefits if they are dependent on the grandparent for more than one-half of their support and meet other specified requirements.

Asset Limit

None

Means Test

There is no means test for program eligibility; however, an eligible individual with substantial current earned income may not qualify for a positive benefit. The relationship between current earnings and benefits is referred to as the "retirement test." (See Benefit Formula)

Countable Types of Income

Earned income and, for surviving spouses, certain government pensions based on his or her own earnings in non-covered employment.

Exclusions

Under the "earnings (or retirement) test" applicable to nondisabled beneficiaries under age 70, the first $6,480 of annual earnings are exempt for persons under age 65, and the first $9,360 of annual earnings for persons aged 65-69. Benefits are withheld at the rate of $1 for each $2 of earnings above the exempt amount for persons under age 65, and at the rate of $1 for each 3$ of earnings above the exempt amount for persons aged 65-69.

Deductions

None

Benefit Formula

Monthly benefits are determined through a three-step process. A worker's earnings history is used to calculate an average indexed monthly earnings (AIME). The AIME is used to determine a primary insurance amount (PIA). Actuarial reductions or increases are applied to the PIA for workers who elect early or delayed retirement. The description below applies to workers who reached age 62 in 1990. The parameters in the PIA calculation are subject to indexing each year, and the normal retirement age and rates of actuarial adjustment are scheduled to change starting in 2000.

The AIME is derived from the worker's posted earnings, up to the annual maximum taxable amount, which have first been indexed, or adjusted to reflect the nation's average wage level in the year the worker reached age 60 (or in the second year before the worker became disabled or died, if earlier). Earnings in years after age 60 are not indexed. The number of years in the computation period--a minimum of two--is equal to the number of years after 1950 or age 21, if later, and up to age 62 (or onset of disability or death,if earlier), minus five "dropout years." This number is 34 for workers reaching age 62 in 1990 and will be 35 for workers reaching age 62 after 1990. The years of highest earnings after indexing are selected for the computation period. These may include years before age 21 or after age 61. The AIME is obtained by summing the earnings, and then dividing by the number of months in the computation period.

The PIA is the figure from which almost all cash benefits are derived. The PIA is determined from the AIME by the following schedule: PIA equals 90 percent of the first $356, plus 32 percent of the next $1,789, plus 15 percent of the AIME above $2,145. The AIME amounts at which the relationship between the PIA and the AIME change are referred to as "bend points."

The monthly benefit is determined from the PIA based on the age at retirement. Workers retiring at the normal retirement age--currently age 65 but scheduled to increase to age 66 between 2000 and 2005 and to age 67 between 2017 and 2022--are eligible for a benefit equal to the PIA.[1] The actuarial reduction for early retirement currently is 5/9 of 1 percent for each month of entitlement before the normal retirement age, with a maximum reduction of 20 percent applicable at age 62. Other reduction rates apply to spouses and widow(er)s. For workers who continue to have earnings beyond age 65, the monthly benefit is increased by specified percentages for each month in which they lose their full benefit due to the earnings test discussed below. This delayed retirement credit amounts to 4 percent per year, or 1/3 of 1 percent per month, for workers reaching age 62 in 1990. It will be raised gradually to the level of 8 percent per year, or 2.3 of 1 percent per month, for workers who reach age 62 after 2004.

Benefits paid to family members and survivors are a percentage of the insured worker's PIA. The percentages for the major benefit types are listed below. These benefits are subject to a family maximum benefit limitation.

Family Members:	
Spouse or divorced spouse--ages 62-65 or older	37.5-50% of PIA
Child	50% of PIA
Spouse under age 65 caring for child	50% of PIA
Survivors:	
Widow(er) or divorced spouse--ages 60-65 or older	71.5-100% of PIA
Disabled widow(er) or divorced spouse--ages 50-59	71.5% of PIA
Dependent parent--ages 62 or older	82.5% of PIA
Child	75% of PIA
Mother or father under age 65 caring for child	75% of PIA

[1]For the full schedule, see Social Security Bulletin Annual Statistical Supplement, 1988, p. 33.

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The maximum family benefit from a single earnings record is calculated from the PIA using the formula below. When the family benefit after application of the earnings test, described under "Countable Types of Income" above, exceeds the maximum family benefit, all benefits (except for the retired worker's) are reduced by the same proportion, so that the total adjusted family benefit is within the maximum. Benefits payable to a divorced spouse or to a surviving divorced spouse are not included in the calculation of the family benefit.

Maximum family benefit =

150% of the first $455 of the PIA, plus:
272% of the PIA from $455 through $656, plus:
134% of the PIA from $656 through $856, plus:
175% of the PIA over $856.

Indexing

Indexed Parameters

PIAs and monthly benefits for eligible persons, including nonrecipients forgoing early retirement

Annual maximum amount of taxable and creditable earnings

Amount of earnings needed for a quarter of coverage

Bend points in the computation of the PIA from the AIME

Bend points in the maximum family benefit computation

Exempt amounts in the earnings test

Indexing Factors

All except the first type of automatic adjustment listed above are in proportion to annual increases in average wages. The first type is in proportion to increases in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). These "Cost-of-Living Adjustments" (COLAs) are provided in any year in which there is a measurable increase in consumer prices (at least 0.1 percent). If a year of price deflation occurs, then a 2-year change in CPI-W of at least 0.1 percent is needed before the benefits are automatically increased. The base is defined as the third calendar quarter of the last year in which there was an automatic benefit adjustment. If the trust funds fall below a certain reserve ratio and wage growth has not kept up with prices, then the indexation is based on wage growth rather than price inflation.

Characteristics of Recipients

Retired workers comprised 69 percent of OASI beneficiaries in December 1989, and received 76 percent of the benefits. Surviving spouses, the next largest category, comprised 15 percent of beneficiary population. The average benefit for a retired worker was $567.

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Interactions with the Food Stamp Program

Eligibility

None

Program Overlap

Social Security income was received by an estimated 20.5 percent of food stamp households in the summer (July and August) of 1987. This figure, which is based on Food Stamp Program quality control data, includes Social Security disability benefits, as well as retirement and survivors' benefits.

Sequencing of Income

Social Security income is included in food stamp countable income.

Interactions with Other Programs

Eligibility

All Social Security beneficiaries age 65 or older are eligible for Medicare. Retirement benefits replace Social Security disability payments at age 65.

Sequencing of Income

The Social Security retirement test is based solely on earned income; income from other transfer programs is not counted.

Taxation of Benefits

Up to 50 percent of Social Security benefits are subject to federal income taxation if the sum of a taxpayer's adjusted gross income, nontaxable interest, and 50 percent of Social Security income exceeds a base amount. The base amount is $25,000 for a single taxpayer, or $32,000 for a married couple filing a joint return.

Taxable benefits are the lesser of 50 percent of the excess income over the base amount or 50 percent of the benefits received.

History of Recent Major Program Changes

The Omnibus Reconciliation Act of 1986 eliminated the requirement of an annual change in the CPI exceeding 3 percent before the occurrence of an automatic cost-of-living adjustment (COLA). Under the new law, a COLA will be made each year in which there is a measurable change in the CPI. The Act now requires that all states and local entities deposit their Social Security contributions directly to the Federal Government.

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During the 100th Congress (1987-1988 session):

- FICA taxes were extended to certain occupations and categories of persons that had previously been exempt.

- Effective January 1, 1988, if employer-provided group term life insurance is counted for gross income tax purposes, then the cost of such insurance is included as wages for FICA tax purposes.

Program Statistics

(See accompanying charts)

References

U.S. Department of Health and Human Services, Social Security Administration. Social Security Bulletin, vol. 52, no. 7. Washington, D.C.: U.S. Government Printing Office, July 1989.

_____. Social Security Bulletin Annual Statistical Supplement, 1988, Washington, D.C.: U.S. Government Printing Office, December 1988.

U.S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means, 1989 Edition. Washington, D.C.: U.S. Government Printing Office, 1989.

Reviewed by: Jack Schmulowitz, Director, Office of OASDI, Division of Statistics Analysis, Social Security Administration, (301) 965-0179.

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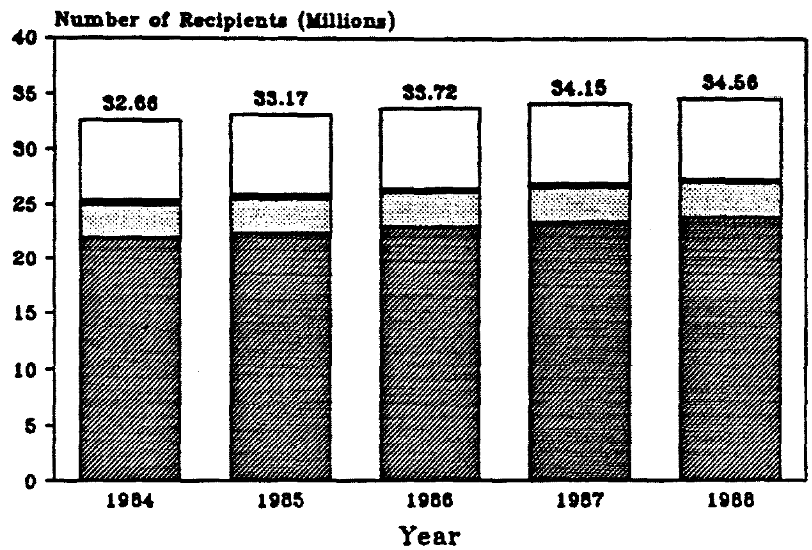
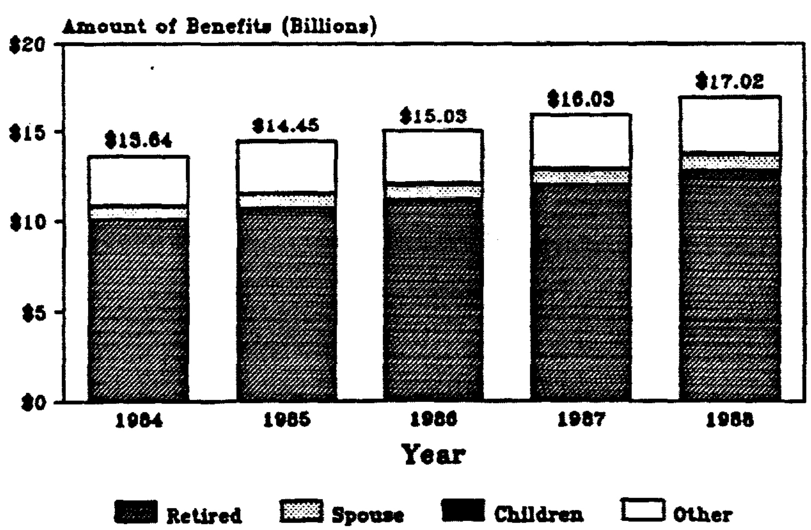
Old Age and Survivors Insurance Program

Monthly Number of Recipients and Monthly Amount of Benefits, December 1984 - December 1988





Source: Social Security Administration, Social Security Bulletin, vol. 52, no. 7, July 1989.
Recipient data from Table M-11, benefit data from Table M-12.

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SOCIAL SECURITY
DISABILITY INSURANCE (DI) PROGRAM

Purpose

To provide monthly cash benefits to disabled workers younger than age 65 and to their dependents

Authorization, Funding, and Administration

- 1956 Amendment to the Social Security Act
- 100 percent federally funded
- Administered by the Social Security Administration, U.S. Department of Health and Human Services

Filing Unit

Individual

Categorical Eligibility

Disabled individuals with work experience in covered employment and their family members are categorically eligible for DI. Disability is defined as an inability to engage in substantial gainful activity by reason of any medically determinable physical or mental impairment expected to lead to death or that has lasted or can be expected to last for a continuous period of at least 12 months. Earnings in excess of $500 per month ordinarily demonstrate an ability to perform substantial gainful activity. Disability determinations are made by state agencies following federal guidelines. Work experience is defined as at least 20 quarters of coverage in the 40-quarter period ending with the quarter of disability. A worker who became disabled before age 31 must have total coverage equal to at least half the calendar quarters elapsed since the worker reached age 21. A minimum of 6 quarters of coverage is required. Benefits are not payable to a disabled worker until after a five-month waiting period. A spouse and children are eligible for benefits based on the disabled worker's earnings history. For a description of the requirements for eligibility, see Categorical Eligibility, OASI.

Two categories of disabled persons--disabled widow(er)s aged 50 to 59 and children who become disabled before age 22--are eligible under the OASI program (See Categorical Eligibility, OASI). Disability is defined more restrictively for disabled widow(er)s than it is for disabled workers; disabled widow(er)s must be unable to engage in any gainful work (rather than in substantial gainful activity).

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Asset Limit

None

Means Test

There is no means test for program eligibility; however, an eligible individual with other disability benefits may or may not qualify for a positive Social Security disability benefit, as discussed under Benefit Formula. As discussed under Categorical Eligibility, an individual with monthly earnings in excess of $500 is not considered disabled.

Countable Types of Income

Workers' compensation and other disability benefits provided by federal, state, or local governments (excluding veterans' disability benefits) are considered countable income.

Exclusions

None

Deductions

Impairment-related work expenses are deducted from countable income.

Benefit Formula

Benefits are based on the worker's earnings history in covered employment in the same manner as OASI benefits. (See the OASI benefit formula description, especially the discussion on the determination of a worker's average indexed monthly earnings (AIME) and the primary insurance amount (PIA).) The number of dropout years varies by the worker's age in the year of disability onset; it is 0, 1, 2, 3, 4, 5, for workers aged 26 or younger, 27 to 31, 32 to 36, 37 to 41, 42 to 46, and 47 or older respectively. However, up to three additional dropout years may be added for workers younger than age 37 for years in which they had no earnings and were living with a child younger than age 3. The monthly DI benefit is a percentage of the PIA as follows:

Disabled worker	100% of PIA
Spouse or divorced spouse--ages 62-65 or older	37.5-50% of PIA
Spouse under age 65 caring for child	50% of PIA

Benefits provided on the basis of the worker's earnings history are subject to a family maximum amount, which is the smaller of (a) 85 percent of the worker's AIME or (b) 150 percent of the worker's PIA. The benefit cannot be reduced to below 100 percent of the worker's PIA.

The Social Security disability benefit is offset by other government benefits for which the worker qualifies on the basis of disability (excluding veterans' disability payments). The offset is the amount by which the combined disability benefit exceeds 100 percent of the PIA or 80 percent of the worker's average earnings before becoming disabled. The combined benefit after the reduction is never less than the Social Security disability benefit before the reduction.

Indexing

Benefits are indexed to changes in the CPI-W in the same manner as OASI benefits. (See Indexing, OASI.)

Characteristics of Recipients

Seventy percent of DI recipients in December 1989 were disabled worker beneficiaries. They received almost 90 percent of the benefits paid in that month. The remaining beneficiaries were spouses and children. Two-thirds of the disabled workers were male, and 63 percent were 50 years or older.

Interactions with the Food Stamp Program

Eligibility

None

Program Overlap

Data not available

Sequencing of Income

Social Security disability benefits are included in food stamp countable income.

Interactions with Other Programs

Eligibility

Disabled workers are eligible for Medicare after a two-year waiting period. Disability benefits are replaced by retirement benefits when the disabled worker reaches age 65.

Sequencing of Income

DI benefits are offset by income from other government disability programs (excluding veterans' disability payments) if the combined benefit exceeds the larger of 80 percent of the worker's average earnings before disability or 100 percent of the PIA.

Taxation of Benefits

Up to 50 percent of DI benefits are subject to federal income taxation if the sum of a taxpayer's adjusted gross income, nontaxable interest income, and 50 percent of Social Security income exceeds a base amount. The base amount is $25,000 for a single return and $32,000 for a joint return. Taxable benefits are the lesser of 50 percent of the excess income over the base amount or 50 percent of the benefits received.

History of Recent Major Program Changes

The Omnibus Budget Reconciliation Act of 1987 (P.L. 100-203) entitles disabled Social Security beneficiaries who attempt to work to a 45-month period of extended eligibility for Social Security benefits. During the first nine months of "trial work," benefits are not suspended. Monthly benefits are continued for three months after the trial work period and are suspended in the last 33 months for any month in which the individual is engaged in substantial gainful activity. Entitlement to benefits is not terminated, and Medicare benefits remain unaffected and may be continued for 48 months after the trial work period begins.

The Technical and Miscellaneous Revenue Act of 1988 (P.L. 100-647) ensures that interim benefits will be paid to individuals who have received a favorable determination by an administrative law judge, but have not received a final decision within the following 110 days.

The Omnibus Budget Reconciliation Act of 1989 (P.L. 101-239) extended the existing provision for the continued payment of benefits during the appeal process through December 1990 with payment through June 91.

Program Statistics

(See accompanying charts)

References

U. S. Department of Health and Human Services, Social Security Administration. Social Security Bulletin, vol. 52, no. 7. Washington, D.C.: U.S. Government Printing Office, July 1989.

U. S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means. 1989 Edition. Washington, D.C.: U.S. Government Printing Office, 1989.

Reviewed by: Jack Schmulowitz, Director, Office of OASDI, Division of Statistics Analysis, Social Security Administration, (301) 965-0179.

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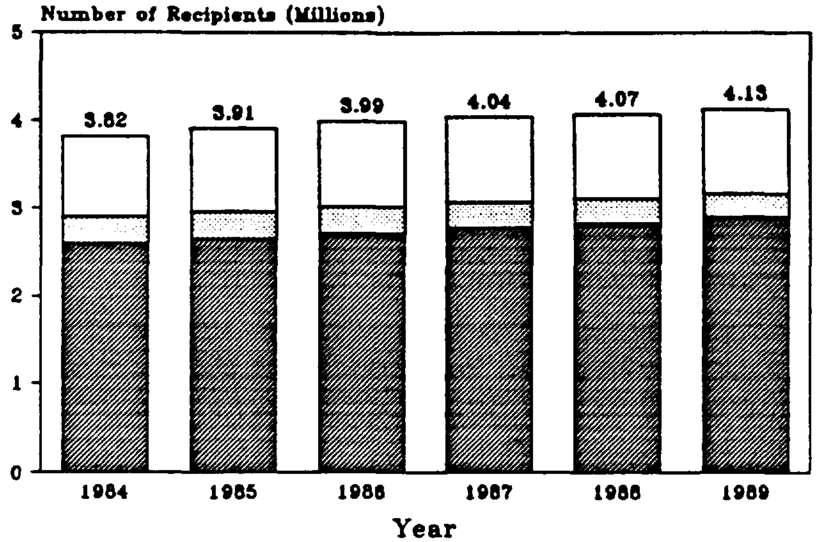
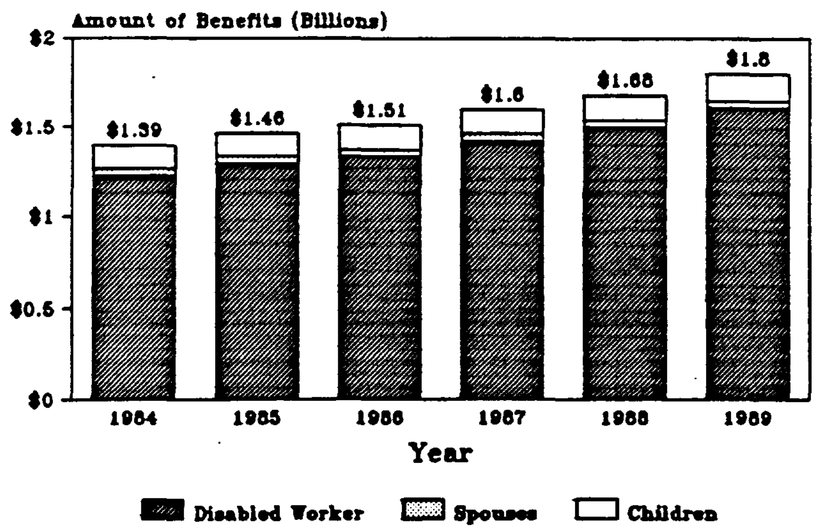
Disability Insurance Program

Monthly Number of Recipients and Monthly Amount of Benefits, December 1984 - December 1989





Source: Social Security Administration, <u>Social Security Bulletin</u>, vol. 53, no. 2, February 1990. Recipient and benefit data from Table M-13.

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BLACK LUNG BENEFITS

Purpose

To provide monthly benefits to coal mine workers who are totally disabled by black lung disease (pneumoconiosis), as well as their dependents and survivors. In addition, the program pays for all medical expenses related to the treatment of black lung disease.

Authorization, Funding, and Administration

- Federal Coal Mine Safety Act of 1969, Title IV. Program transferred to the Department of Labor by the Black Lung Benefits Reform Act of 1977
- Program benefits are 100 percent federally funded
- The Social Security Administration administers benefits filed on or before June 30, 1973, and the U.S. Department of Labor administers benefits filed after that date.

Filing Unit

Individual

Categorical Eligibility

Individuals employed in the production of coal in the United States who are disabled by pneumoconiosis which arose from coal mine employment, and their dependents, are categorically eligible for Black Lung benefits. Surviving dependents are eligible if the miner was entitled to benefits at the time of death, or was disabled by pneumoconiosis at the time of death. Dependents may include the miner's spouse, divorced spouse (if miner is providing support and they were married for 10 years or more), minor children, disabled children, students, parents, and siblings.

Asset Limit

None

Means Test

There is no means test for program eligibility; however, an eligible individual with substantial earnings and/or other disability benefits may not qualify for a positive Black Lung benefit, as discussed below under Benefit Formula.

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Countable Types of Income

Earned income, workers' compensation, unemployment compensation, and, dependent on the state, state disability insurance benefits are considered countable income under the program.

Exclusions

None

Deductions

None

Benefit Formula

The basic Black Lung benefit for a disabled miner is 37.5 percent of the minimum monthly payment to a Federal employee in Grade GS-2. In January 1989, the basic benefit was $358.90, and the maximum payment per family was $717.80. The basic benefit rate is increased by 50 percent for disabled miners with one dependent, 75 percent for those with two dependents, and 100 percent for those with three or more dependents. Benefits are reduced by state workers' compensation, unemployment compensation, and state disability payments if the worker receives these payments as a result of black lung disability. Benefits paid to dependents and survivors are reduced by the same amount as the reduction in Social Security benefits for excess earnings. Benefits are not affected by the receipt of Social Security disability benefits or Supplemental Security Income benefits.

Indexing

Benefits increase with Federal GS pay.

Recipient Characteristics

The largest category of recipients is widows. In December 1988, they comprised 53 percent of the beneficiaries; miners comprised 24 percent of the beneficiaries, and the remaining beneficiaries were dependents. The average monthly benefits for miners and widows (including payments to dependents) were $499 and $354, respectively.

Interactions with the Food Stamp Program

Eligibility

None

Program Overlap

Data not available

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Sequencing of Income

Black Lung benefits are included in food stamp countable income.

Interactions with Other Programs

Eligibility

None

Sequencing of Income

Workers' compensation, unemployment compensation, and state disability insurance benefits reduce Black Lung benefits.

Taxation of Benefits

Benefits are not taxable by the federal government, although states may tax the benefits.

History of Recent Major Program Changes

No major program changes have been made since 1986.

Program Statistics

(See accompanying charts. Note: The beneficiary statistics pertain only to the portion of the program administered by the Social Security Administration. In the first chart, "dependents" includes dependents of miners and surviving children of deceased miners; in the second chart, dependents of miners are included in the miners category, and dependents of deceased miners are included in the survivors category.)

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U.S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means, 1989 Edition. Washington, D.C.: U.S. Government Printing Office, 1989.

U.S. Department of Health and Human Services, Social Security Administration. Social Security Bulletin, vol. 52, no. 7. Washington, D.C.: U.S. Government Printing Office, July 1989.

Reviewed by: Philip Lerner, Statistician, Office of Research and Statistics, Social Security Administration, (301) 965-0159.

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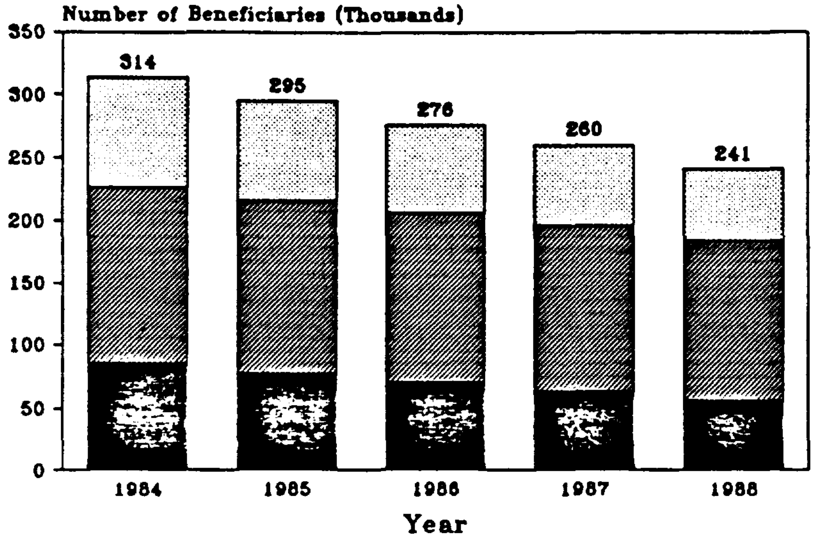
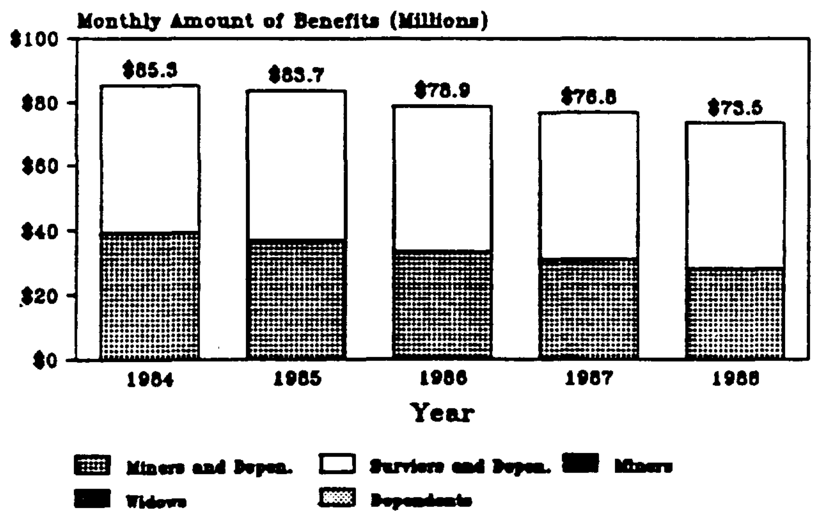
Black Lung Benefits

Beneficiaries in Current Payment Status and Total Monthly Benefits

December, 1984 - 1988





Source: Social Security Administration, <u>Social Security Bulletin</u>, vol. 52, no. 7, July 1989.
Beneficiary and Benefit data from Table M-33.

UNEMPLOYMENT COMPENSATION

Purpose

To provide temporary and partial wage replacement to involuntarily unemployed workers who were recently employed, and to help stabilize the nation's economy during recessions

Authorization, Funding, and Administration

- Social Security Act of 1935 and the Federal Unemployment Tax Act of 1939
- Program benefits are funded by a state tax on employers; administrative costs are federally funded and vary from state to state according to the number of employers, number of insured unemployed, and other factors.
- Administered by the individual states and by the U.S. Department of Labor

Filing Unit

Individual

Categorical Eligibility

States have developed diverse methods for determining an unemployed person's eligibility for Unemployment Compensation. In general, three factors are considered: (a) the amount of recent employment and earnings; (b) the demonstrated ability and willingness to seek and accept suitable employment; and (c) certain disqualifications pertaining to a claimant's most recent job separation or job-offer refusal.

In order to qualify for benefits, an unemployed person must usually have worked recently for a covered employer for a specified period of time and must also have earned a certain amount of earnings during the "base period." The base period is a recent one-year period that 44 states define as the first 4 of the last 5 completed calendar quarters prior to the effective date of the claim. All but 5 states require employment in at least 2 quarters of the base period. The total earnings in the base period that are required in order to qualify for minimum weekly benefits vary from $150 in Hawaii to $3,640 in Oklahoma.

Approximately 85 percent of employed persons are covered by Unemployment Compensation. Employment that is not generally covered by Unemployment Compensation includes self-employment, certain agricultural labor and domestic services, services for relatives, the services rendered by patients for the hospitals in which they are residing, certain student internships, certain alien farm work (until January 1993), certain seasonal camp work, and railroad work.

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Asset Limit

None

Means Test

There is no means test for program eligibility; however, an eligible individual with substantial current earnings may not have sufficient earnings in the base period to qualify for a positive benefit, as discussed below under Benefit Formula.

Countable Types of Income

Current earned income, including any work-related pension that was maintained or contributed to during the state-specified base period by the employer whose account will be charged for the Unemployment Compensation benefits is considered countable income.

Exclusions

Most states exclude a portion of earnings from current partial employment.

Deductions

None

Benefit Formula

In general, states set weekly benefit amounts as a fraction (50 to 70 percent) of the individual's average weekly gross earnings in covered employment, up to a state-determined maximum. Taxable fringe benefits (and bond payments under certain conditions) that were provided under the covered employment are included when determining gross earnings. The fraction of an individual's earnings that are replaced tends to vary inversely with the claimant's average weekly gross earnings; individuals with relatively high average weekly gross earnings receive the state-determined maximum benefit instead of the designated fraction (50 to 70 percent) of their earnings. The national average weekly benefit amount in FY 1986 was 36 percent of the average weekly covered wage.

States are required to reduce an individual's Unemployment Compensation benefit by the amount of any work-related pension that was maintained or contributed to during the state-specified base period by the employer whose account will be charged for the Unemployment Compensation benefits. States may also make deductions to calculated benefits for earnings from current partial employment. Most states disregard a specified amount of current earnings; beyond the disregard, states may deduct from benefits a percentage of earnings from current partial employment.

Minimum benefit amounts varied in 1989 from $5 in Hawaii to $62 in Alaska. Fourteen states provide supplemental benefits to claimants with either nonworking spouses or dependent children. The maximum duration of regular state benefits is usually 26 weeks. The federal-state extended benefits program can provide up to 13 additional weeks of benefits in states with relatively high unemployment rates. The characteristics of state programs are outlined in the accompanying table.

Indexing

None

Characteristics of Recipients

Data for a sample of participants in regular state Unemployment Compensation programs during November 1988 indicate that 58 percent of recipients were male, 76 percent were white, 16 percent were black, and 6 percent were Hispanic.

Thirty-two percent of the unemployed received regular state Unemployment Compensation benefits during the second quarter of 1989.

During FY 1988, the national average weekly benefit for claimants in the regular program was $140, and the average duration of benefits was 13.3 weeks.

Interactions with the Food Stamp Program

Eligibility

Compliance with Unemployment Compensation job search requirements satisfies the food stamp work requirement (i.e., those individuals are exempt from food stamp work registration).

Program Overlap

Of food stamp households in summer (July and August) 1987, 1.7 percent also received Unemployment Compensation benefits, with an average benefit equal to $143, based on Food Stamp Program quality control data.

Sequencing of Income

Unemployment Compensation benefits are included in the Food Stamp Program's definition of countable income.

Interactions with Other Programs

Eligibility

An AFDC-UP applicant must apply for Unemployment Compensation if he or she qualifies for it.

Sequencing of Income

Unemployment Compensation benefits must be subtracted from the amount of a possible AFDC payment.

Taxation of Benefits

All Unemployment Compensation benefits received after December 31, 1986, are subject to federal personal income taxation.

History of Recent Major Program Changes

The Tax Reform Act of 1986 (P.L. 99-514) made all Unemployment Compensation taxable under the federal personal income tax.

Program Statistics

(See accompanying charts)

References

U.S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means. 1989 Edition. Washington, D.C.: U.S. Government Printing Office, 1989.

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Comparison of State Unemployment Insurance Laws, UIS/ETA, Department of Labor, January 1, 1989.

ES 203, Characteristics of the Insured Unemployed, Division of Actual Services, UIS/ETA, Department of Labor.

U.S. Department of Agriculture, Food and Nutrition Service, Office of Analysis and Evaluation. Characteristics of Food Stamp Households Summer 1987. Alexandria, VA: Food and Nutrition Service, 1990.

Reviewed by: Joe Hicket, Chief of Division of Legislation, U.S. Department of Labor, (202) 535-0200.

TABLE 1

AMOUNT AND DURATION OF WEEKLY BENEFITS FOR TOTAL UNEMPLOYMENT
UNDER THE REGULAR STATE PROGRAMS

	1989 Weekly Benefit Amount[1]		1988 Average	Ranking of States on Level of Maximum	1989 Duration of Benefits		1988 Average
	Minimum	Maximum	Weekly Benefit	Benefits	Minimum (Weeks)	Maximum (Weeks)	Duration (Weeks)
Alabama	$ 22	$ 145	$101	49	15	26	10
Alaska	38-62	188-260	157	8	16	26	16
Arizona	40	145	121	50	12	26	18
Arkansas	37	209	125	21	10	26	12
California	30	166	122	38	12	26	15
Colorado	25	214	158	18	13	26	13
Connecticut	15-22	234-284	176	3	26	26	11
Delaware	20	205	165	24	24	26	12
District of Columbia	13	283	186	4	26	26	18
Florida	10	200	137	28	10	26	13
Georgia	37	165	127	41	9	26	9
Hawaii	5	239	166	13	26	26	14
Idaho	44	193	136	30	10	26	12
Illinois	51	187-244	151	12	26	26	17
Indiana	40	96-161	104	42	9	26	11
Iowa	26-31	174-214	148	17	11	26	12
Kansas	52	210	162	20	10	26	13
Kentucky	22	166	113	40	15	26	13
Louisiana	10	181	131	34	8	26	16
Maine	29-43	171-256	139	10	15	26	11
Maryland	25-33	205	157	25	26	26	13
Massachusetts	14-21	255-382	177	1	10	30	15
Michigan	59	263	182	7	15	26	21
Minnesota	38	254	181	11	10	26	15
Mississippi	30	145	100	48	13	26	12
Missouri	33	150	118	46	11	26	13
Montana	46	185	130	31	8	26	14
Nebraska	20	134	117	52	20	26	12
Nevada	16	184	145	32	12	26	13
New Hampshire	39	156	125	44	26	26	5
New Jersey	51	258	177	9	15	26	15
New Mexico	33	166	122	39	19	26	16
New York	40	180	143	35	26	26	17

TABLE 1 (Continued)

AMOUNT AND DURATION OF WEEKLY BENEFITS FOR TOTAL UNEMPLOYMENT
UNDER THE REGULAR STATE PROGRAMS

	1989 Weekly Benefit Amount[1]		1988 Average	Ranking of States on	1989 Duration of Benefits		1988 Average
	Minimum	Maximum	Weekly Benefit	Level of Maximum Benefits	Minimum (Weeks)	Maximum (Weeks)	Duration (Weeks)
North Carolina	19	228	131	15	13	26	8
North Dakota	43	183	133	33	12	26	13
Ohio	42	169-268	152	6	20	26	14
Oklahoma	16	197	142	29	20	26	13
Oregon	53	229	146	14	6	26	14
Pennsylvania	35-40	266-274	163	5	16	26	15
Puerto Rico	7	110	77	53	20	20	17
Rhode Island	48-58	240-300	163	2	12	26	12
South Carolina	20	147	109	47	15	26	9
South Dakota	28	140	121	51	18	26	12
Tennessee	30	155	104	45	12	26	11
Texas	34	210	159	19	13	26	15
Utah	14	208	157	23	10	26	13
Vermont	31	169	132	37	26	26	12
Virginia	56	176	133	36	12	26	9
Virgin Islands	32	162	116	42	13	26	11
Washington	57	209	151	22	16	30	15
West Virginia	24	225	142	16	26	28	15
Wisconsin	38	200	148	26	1	26	12
Wyoming	36	200	159	27	12	26	16

SOURCE: U.S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs Within the Jurisdiction of the Committee on kWays and Means, 1989 Edition Edition. Washington, D.C.: U.S. Government Printing Office, 1989.

NOTES

1. A range of amounts is shown for those states which provide allowances for dependents.

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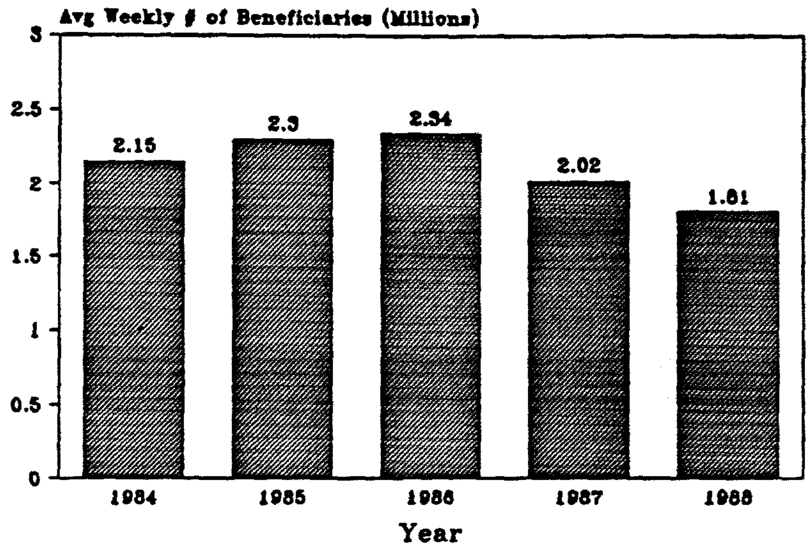
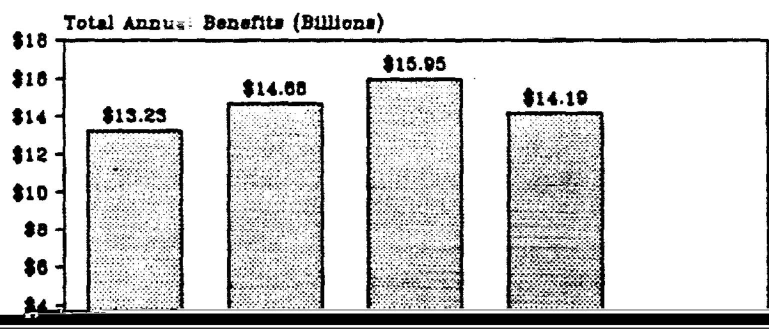
Unemployment Insurance Program

Average Weekly Number of Beneficiaries and Total Annual Benefits

1984 - 1988





SUPPLEMENTAL SECURITY INCOME (SSI), INCLUDING STATE SUPPLEMENTATION

Purpose

To provide monthly cash payments to needy aged, disabled, or blind persons according to nationally uniform standards

Authorization, Funding, and Administration

- Social Security Act of 1935, Title XVI, as amended in 1972
- In FY 1988, federal funds paid 78 percent of total SSI benefits. The federal share of state benefits ranged from 44 to 100 percent of the payments.
- Administered by the Social Security Administration, U.S. Department of Health and Human Services (states may opt to administer supplemental payments)

Filing Unit

Individual or married couple

Categorical Eligibility

Individuals who are age 65 or older, blind, or disabled and living in the 50 states, the District of Columbia, or the Northern Mariana Islands and have limited income and resources may be categorically eligible for SSI. If both members of a married couple are eligible, then benefits are based on the benefit rate for couples.

Disabled individuals whose earnings exceed the substantial gainful activity level ($500) are eligible for special cash benefits, as long as their earnings and resources are below the SSI need criteria.

Asset Limit

$2,000 per individual and $3,000 per couple effective for 1989 and subsequent years.

Exclusions

Home equity, $2,000 in personal effects and household goods, the first $4,500 in the market value of a vehicle (the full value if the vehicle is used for necessary transportation), life insurance with a cash surrender value of up to $1,500 per individual, a burial fund up to $1,500 and one burial plot per individual.

Means Test

Benefits are paid only when countable income is lower than the combined federal and state benefit level. An individual with only earned income is eligible for an SSI payment until his or her earnings equal twice the basic benefit plus $85. An individual without earnings is generally eligible for SSI payments until his or her unearned income exceeds the basic benefit by $20.

Countable Types of Income

Earned income, asset income, retirement benefits, and social insurance payments are considered countable income. The receipt of food, clothing or shelter or other non-cash items which can be used to get food, clothing or shelter is also considered income. Income received through sheltered workshops or activity centers is treated as earned income. The income of an ineligible spouse or parent is considered in determining whether the individual is eligible for SSI benefits.

Exclusions

Excluded from countable income are the following items: $20 from any non-need-tested source of income; the first $65 of earned income; and 50 percent of additional earnings. Blind or disabled recipients may also exclude work-related expenses or income or resources set aside under a plan to achieve self-support. Certain government home energy assistance (cash or in-kind) and in-kind home energy assistance provided by private nonprofit organizations are excluded, as are proceeds from death benefits (e.g. life insurance) which were spent on the burial or last illness of the deceased.

Deductions

None

Benefit Formula

The amount of federal benefits is determined by the recipient's countable income, living arrangements, and marital status. The SSI Federal benefit rate for 1990 was $386 for an individual and $579 for a couple. The benefit for an SSI recipient living in the household of another person and receiving in-kind support and maintenance from him or her is reduced by one-third of the federal benefit rate. Benefits are limited to a $30 personal needs allowance for individuals living in a hospital or other medical facility in which at least 50 percent of the costs are being paid by Medicaid. These benefits are reduced by countable income as described above.

Federal payments are supplemented by some States. Two types of State supplements exist: mandatory and optional. Mandatory supplements apply only to individuals who were converted to SSI in 1974 from former State assistance programs. States are required to maintain the income levels these individuals previously had under the State assistance programs. Forty-three States have elected to provide optional supplementation. The eligibility criteria and payment levels for optional supplementation are set by the respective States and are determined by a number of factors such as living arrangement, income, resources, geographical area, and basis for SSI eligibility (i.e., aged, blind or disabled).

Indexing

Federal SSI guarantees are indexed by the change in the Consumer Price Index for Urban Wage Earners (CPI-W) in the same manner as OASI benefits.

Characteristics of Recipients

In March 1989, women accounted for 64 percent of the SSI caseload. This figure is consistent with the longer life expectancy and lower income levels of women. In 1988, other income was received by 63 percent of SSI recipients. OASI was the largest source of other income with 71 percent of aged SSI beneficiaries receiving OASI. Sixty-eight percent of SSI recipients were disabled, 30 percent were aged, and the remaining 2 percent were blind.

Interactions with the Food Stamp Program

Eligibility

Except in Wisconsin and California, SSI recipients are eligible for the Food Stamp Program if they meet the food stamp income and asset requirements. As specified by the Food Security Act (P.L. 99-198), an SSI recipient in a household where all other members receive SSI benefits is categorically eligible for food stamps. A categorically eligible SSI recipient does not need to meet the food stamp income and assets limits. SSI recipients are excluded from food stamp work requirements.

In California and Wisconsin, food stamp benefits are "cashed out" by increasing the State SSI supplemental payments.

Program Overlap

SSI income was received by 1.43 million food stamp households in the summer of 1987 (July and August), based on Food Stamp Program quality control data.

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Sequencing of Income

SSI benefits are included in food stamp countable income.

Interactions with Other Programs

Eligibility

SSI recipients are excluded from the AFDC family unit when income and resources are considered. Medicaid eligibility for SSI recipients is automatic in most states. Fourteen states apply more restrictive income-eligibility requirements for Medicaid (Connecticut, Hawaii, Illinois, Indiana, Minnesota, Missouri, Nebraska, New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma, Utah and Virginia). These states are required to deduct medical expenses from income when determining Medicaid eligibility. SSI recipients are required to apply for any other benefit to which they are entitled, including Social Security, unemployment insurance, or workers' compensation.

Sequencing of Income

Social insurance payments are included in countable income. The value of certain assistance provided by federal housing programs and assistance based on need provided by state or local governments is excluded from countable income. The Earned Income Tax Credit is treated as earned income.

Taxation

SSI benefits are nontaxable.

History of Recent Major Program Changes

Under the 1986 Employment Opportunities for Disabled Americans Act (P.L. 99-643):

- Disabled individuals who engage in substantial gainful activity will not lose their SSI disability status. These individuals continue to receive special benefits as long as their individual total income and resources are within the SSI need criteria. Individuals receiving the special SSI benefits continue to be eligible for Medicaid on the same basis as regular SSI beneficiaries. Special SSI recipient status is provided for Medicaid eligibility purposes for working disabled or blind individuals whose earnings and income are above the SSI need criteria.

- Disabled individuals retain eligibility status for 12 months after they were last eligible for regular or special SSI benefits. If the individual recovers from his or her disability, a new application and a new determination of disability would be required.

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Under provisions of the Omnibus Budget Reconciliation Act of 1987 (P.L. 100-203):

- Persons temporarily staying in a medical institution (not to exceed three months) may continue to be eligible for the full benefit rate if certain conditions are met.

- Payments may be made to persons who are residents of emergency shelters for up to 6 months in any 9-month period.

- Death benefits (e.g., proceeds from life insurance) are excluded from income to the extent that they are spent on last illness and burial of the deceased.

- Real property that cannot be sold because (a) it is jointly owned and its sale would cause the other owner(s) undue hardship due to loss of housing, (b) its sale is legally barred, or (c) the owner's reasonable efforts to sell the property have been unsuccessful is excluded from consideration.

Program Statistics

(See accompanying charts)

References

Congressional Research Service. Cash and Noncash Benefits for Persons With Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY 1986 - 88. Washington, D.C.: Congressional Research Service, 1989.

U.S. Department of Health and Human Services, Social Security Administration. Social Security Bulletin Annual Statistical Supplement, 1988. Washington, D.C.: U.S. Government Printing Office, 1988.

______. Social Security Bulletin Annual Statistical Supplement, 1989. Washington, D.C.: U.S. Government Printing Office, 1989.

______. "Social Security Programs in the United States." Social Security Bulletin, June 1989, vol. 52, no. 6. Washington, D.C.: U.S. Government Printing Office, 1988.

U.S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means. 1989 Edition. Washington, D.C.: U.S. Government Printing Office, 1989.

U.S. House of Representatives, Subcommittee on Retirement Income and Employment of the Select Committee on Aging, House of Representatives. Supplemental Security Income (SSI): Current Program Characteristics and Alternatives for Future Reform. Washington, D.C.: U.S. Government Printing Office, 1988.

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Reviewed by: Elsa Ponce, Social Science Research Analyst, Office of Supplemental Security Income, Social Security Administration, (301) 965-9848.

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CHARACTERISTICS OF OPTIONAL STATE SUPPLEMENTAL SSI PROGRAMS

State	Administration of State Optional Supplements (January 1990)	Federal SSI Payments: Total Payments FY 1989 (Millions)	Federal SSI Payments: Average Benefit December 1988 Amount	Rank	January 1990 Combined Fed. & State Maximum Benefit for the Aged** Individual	Couple
Alabama	State	320.8	204	28	386	579
Alaska	State	12.2	237	10	717	1,063
Arizona	State	117.3	244	4*	386	579
Arkansas	No Program	168.5	188	35	386	579
California	Federal	1,639.8	248	3*	630	1,167
Colorado	State	96.6	229	13	444	888
Connecticut	State	86.1	238	9*	752	1,104
Delaware	Federal	19.7	211	23*	386	579
District of Columbia	Federal	47.5	248	3*	401	609
Florida	State	578.2	233	12*	386	579
Georgia	No Program	382.3	203	29*	386	579
Hawaii	Federal	36.6	244	4*	391	588
Idaho	State	24.9	221	18*	459	624
Illinois	State	505.1	260	1	NA	NA
Indiana	State	151.2	226	15	386	579
Iowa	Fed/State[1]	74.1	199	32*	386	579
Kansas	No Program	57.6	212	22	386	579
Kentucky	State	297.5	228	14*	386	579
Louisiana	State	345.9	221	18*	386	579
Maine	Federal	44.5	193	34	396	594
Maryland	State	165.8	241	7	386	579
Massachusetts	Federal	241.5	228	14*	515	781
Michigan	Federal	356.9	240	8	416	624
Minnesota	State	94.7	208	25	461	667
Mississippi	No Program	277.0	203	29*	386	579
Missouri	State	212.2	214	20*	386	579
Montana	Federal	24.2	222	17*	386	579
Nebraska	State	37.3	210	24*	424	644
Nevada	Federal	24.7	222	17*	422	653
New Hampshire	State	16.6	213	21	413	600
New Jersey	Federal	259.4	236	11	417	604
New Mexico	State[1]	78.2	222	17*	386	579
New York	Fed/State[1]	1,052.6	254	2	472	682
North Carolina	State	354.8	205	27	386	579
North Dakota	No Program	16.9	194	33	386	579
Ohio	State	423.6	244	4*	386	579
Oklahoma	State	143.5	200	31*	450	707
Oregon	State	82.9	233	12*	388	579
Pennsylvania	Federal	489.3	242	6	418	628
Rhode Island	Fed/State[1]	36.5	214	20*	450	700

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CHARACTERISTICS OF OPTIONAL STATE SUPPLEMENTAL SSI PROGRAMS (continued)

State	Administration of State Optional Supplements (January 1990)	Federal SSI Payments: Total Payments FY 1989 (Millions)	Federal SSI Payments: Average Benefit December 1988 Amount	Average Benefit December 1988 Rank	January 1990 Combined Fed. & State Maximum Benefit for the Aged**: Individual	Couple
South Carolina	State	216.5	202	30	386	579
South Dakota	State	22.7	199	32*	401	594
Tennessee	No Program	345.0	211	23*	386	579
Texas	No Program	670.6	200	31*	386	579
Utah	Federal	30.6	238	9*	392	591
Vermont	Fed/State[1]	20.1	207	26	449	694
Virginia	State	231.0	210	24*	386	579
Washington	Fed/State[1]	159.7	248	3*	414	601
West Virginia	No Program	132.2	243	5	386	579
Wisconsin	Federal	165.1	215	19	489	745
Wyoming	State	7.7	223	16	406	619

[1]Responsibilities for administration are divided between the State and the Federal governments.

*Denotes a tie between states.

**Independent living

NA: State decides benefits on a case-by-case basis.

SOURCES: Social Security Administration, Office of Supplemental Security Income. State Assistance Programs for SSI Recipients, January 1990, Appendix A. Social Security Administration, Office of Supplemental Security Income Pub. No. 17-002, 1990.

U.S. Department of Health and Human Services, Social Security Administration. Social Security Bulletin Annual Statistical Supplement, 1989. Table 9.B.3. Washington, D.C.: U.S. Government Printing Office, 1990.

U.S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means, 1990 Edition. Tables 4, 5, and 9. Washington, D.C.: U.S. Government Printing Office, 1990.

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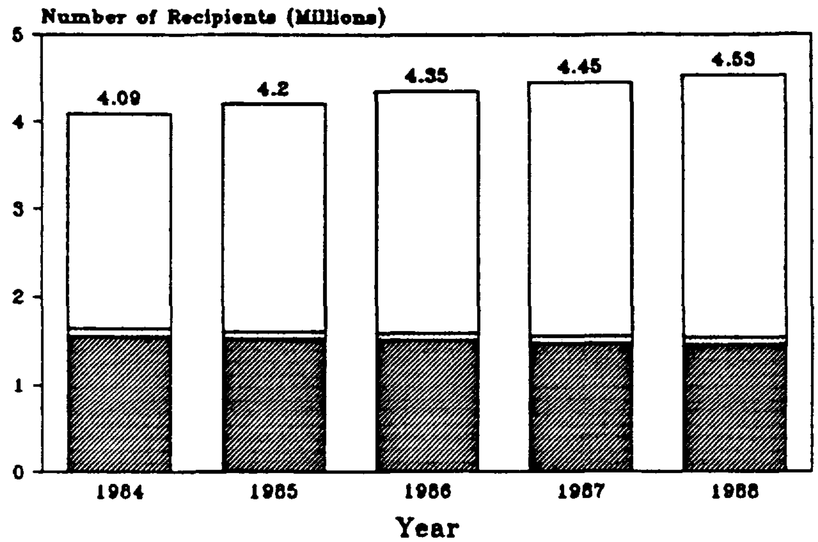
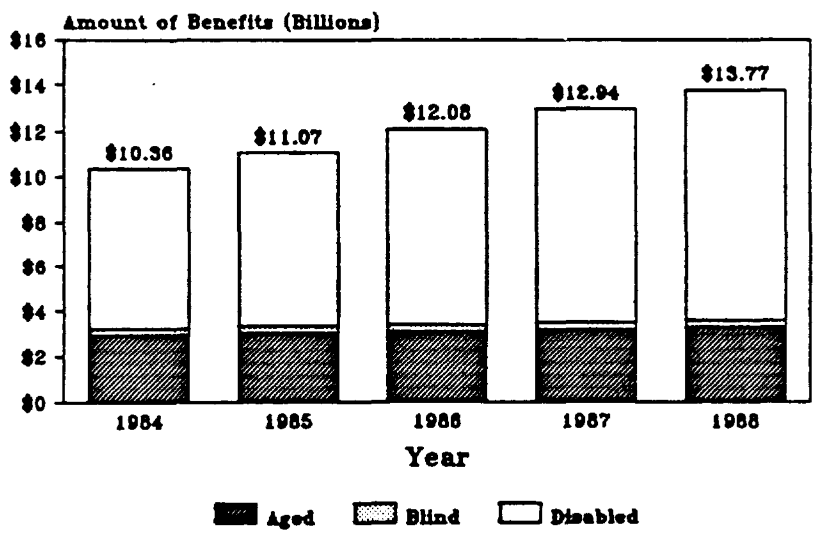
Supplemental Security Income

Monthly Number of Recipients and Monthly Amount of Benefits,

December 1984 - December 1989





Source: Social Security Administration, Social Security Bulletin Annual Statistical Supplement, 1989.
Recipient data from Table 9A3, benefit data from Table 9A4.

AID TO FAMILIES WITH DEPENDENT CHILDREN, INCLUDING THE UNEMPLOYED PARENT PROGRAM

(AFDC and AFDC-UP)

Purpose

To make cash payments directly to needy families with dependent children to cover the costs of food, shelter, clothing, utilities, and other necessities

Authorization, Funding, and Administration

- Social Security Act of 1935, Title IV-A, as amended
- Federal funding is inversely related to state per capita income. In 1989 the federal matching rate ranged from 50 to 80 percent
- Either administered by the individual states or by counties under the State's supervision

Filing Unit

Dependent children, natural or adoptive parent(s) of dependent children and any eligible blood-related or adoptive siblings who are living with the dependent child

Categorical Eligibility

Eligibility is generally restricted to single-parent families with dependent children under age 18; however, 42 states, the District of Columbia, Guam, and the Virgin Islands provide optional coverage to dependent children up to the age of 19, provided they are in high school or are enrolled in technical school. A family with dependent children may be eligible for AFDC if the dependent children are deprived of parental support or care because of a parent's death, continued absence, or incapacity. Unemployment of the principal earner may be considered deprivation. Twenty-eight states, the District of Columbia, and Guam currently offer an unemployed parent program, AFDC-UP. The Family Support Act of 1988 requires all states to operate an AFDC-UP program by October 1, 1990. Puerto Rico and Guam must implement an AFDC-UP program by 1992. States which implement an AFDC-UP program under the new law may elect to limit the program to six months of the year.

Women who have no eligible children but who are medically verified as pregnant may also receive AFDC benefits beginning in the sixth month of their pregnancy. SSI recipients are excluded from the AFDC unit. States have the option of providing Emergency Assistance to families that are eligible for or receiving AFDC and to families with children that do not meet the deprivation criteria but are threatened with destitution or homelessness because of an emergency situation. States have the flexibility to further specify eligibility by categories such as AFDC receipt, area, age of deprived child and migrant workers. Federally funded aids is available for a single period up to 30 days within any 12 month period.

Asset Limit

The federal statutes set a maximum countable asset limit of $1,000 per family. States may set lower limits.

Exclusions

The following assets are excludable: the home in which the family lives, one burial plot per family member, personal property of limited value that is deemed essential to daily living, and $1,500 (or a lower amount set by the State) in equity value for one auto [or] other means of transportation and $1,500 for bona fide funeral agreements. In addition, for a period of six months (or nine months at State option) real property which the family is making a good-faith effort to sell may, under specific conditions, be excluded from countable assets.

Means Test

The AFDC Program has a three-step process for determining financial eligibility:

Step One. The "gross income test" compares total family income against 185 percent of the State need standard (based on family size). If a family's total income exceeds 185 percent of the need standard after certain disregards are applied (see Countable Types of Income, Deduction), the family is ineligible for assistance (see Program Statistics for a list of the state need standards).

Step Two. The "determination of need" compares countable family income against the state need standard. If a family's countable income exceeds 100 percent of the state need standard after certain disregards are applied (see Countable Types of Income, Deductions), the family is ineligible for assistance.

Step Three. The "determination of financial eligibility" compares a family's countable income against the State's payment standard (one-half of all states and three of the territories have a payment standard which is lower than the state need standard). If a family's countable income is lower than the state payment standard, the family is eligible to receive AFDC assistance (see Program Statistics for a list of the State payment standards). A minimum payment rule requires that countable family income be at least $10 below the state payment standard before any AFDC benefits are granted; however, families that do not meet the minimum payment rule are still treated as AFDC beneficiaries and thus receive Medicaid benefits.

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Countable Types of Income

Cash income, and the income of a step-parent or a minor's own parents living in the same home, subject to certain disregards, are considered countable income.

Exclusions

None

Deductions

In determining a family's gross income, States are required to subtract from the gross receipts of a self-employed applicant or recipient any business expenses directly related to the production of goods or services, and all unearned income disregards (e.g., inconsquential income from gifts, assistance that does not duplicate AFDC); the following earned income disregards are then applied to gross income in determining total income (see Step One, Means Test):

1. States have the option to disregard all or part of a dependent child's earned income for up to six months per calendar year when the income is derived through participation in JTPA.

2. States also have the option to disregard all or part of a dependent child's earned income from any source for up to six months per calendar year if the child is a full-time student.

To determine a family's countable income (see Steps Two and Three, Means Test), the following disregards are applied to gross monthly income in the order listed:

1. Any earned income of a dependent child who is a full-time student, or who is a part-time student but not employed full-time.

2. A standard $90 is deducted from each person's earned income for work-related expenses.

3. Actual dependent-care expenses, up to $175 per child ($200 for children younger than age 2) or incapacitated adult, are deducted for the necessary care of dependents while a family member is working full-time. States have the option to set a lesser amount for those working part-time.

4. $30 and one-third of the remaining earned income is deducted from each person's earned income during the first four consecutive months of earnings. After this period, a $30 deduction is available for eight more consecutive months. These disregards cannot be applied to the person's earnings again until the person has not received AFDC for twelve consecutive months.

5. The first $50 of any child support collected on behalf of a child is disregarded.

6. The first $75 of earned income from a step-parent who is living in the same home as an AFDC recipient and who is not part of the AFDC unit. An additional amount (for the support of the step-parent and any other person who is dependent on the step-parent but who is also not part of the AFDC unit) equal to the State need standard amount for a family whose composition equals the step-parent and other non-AFDC recipient members. Finally, any payments made by a step-parent to an individual not living in the home, but who may be claimed as a dependent of the step-parent are disregarded. In states with a support law of general applicability including step-parents, income of step-parents is counted the same as other parental income.

At the option of the State, public assistance received through other programs may be disregarded to the extent that such assistance does not duplicate all or part of the AFDC payment. States also have the option to count or disregard food stamps and housing subsidies. Most States have elected to disregard this income. States also have the option to reduce AFDC payments to the extent that third-party vendor payments duplicate the maximum amount payable for an item under the State's AFDC plan. Few states exercise this option.

As a condition for AFDC eligibility, a child's right to support payments from an absent parent is assigned to the state child support agency, which uses any such payments to reimburse the state AFDC Program. If the monthly child support payment received exceeds the AFDC benefit, then eligibility for AFDC is lost and the right to the child support payments reverts back to the child.

Benefit Formula

States generally compute benefits by subtracting countable income from a payment standard which is 100 percent, or less, of the need standard. As of October 1989, five states computed benefits by subtracting countable income from 100 percent of the need standard and then applying a percentage reduction to the difference. In January 1989, the maximum payment for a family of four with no countable income ranged from $144 per month in Mississippi to $899 in Alaska.

Indexing

None

Characteristics of Recipients

In March 1987, 8 percent of AFDC families had earnings; approximately 2 percent of AFDC mothers worked full time, and approximately 4 percent of AFDC mothers worked part

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time. Eighty-one percent of AFDC families had no other sources of cash income. As of 1987, 4.5 percent of the total U.S. population and 11 percent of all children were AFDC recipients. In 1986, 85 percent of the needy children receiving welfare payments resided in homes where either the mother or father was continuously absent. Forty-seven percent of the population below the poverty line receive AFDC; fifty-seven percent of all children below the poverty line receive AFDC.

Interactions with the Food Stamp Program

Eligibility

AFDC-recipient families for which a 100 percent overlap exists between the AFDC family unit and the food stamp household unit are categorically eligible for food stamps.

Program Overlap

Data from the August 1985 Survey of Income and Program Participation indicate that 83 percent of households with AFDC recipients participated in the Food Stamp Program.

Food Stamp Program quality control data for summer (July and August) 1987 indicate that 2.8 million households, or 41 percent of all food stamp households, received AFDC income.

Sequencing of Income

AFDC benefits are included in food stamp countable income. States may choose to reduce the AFDC benefits paid to recipients to the extent that the value of the food stamps duplicates the maximum amount payable under the State AFDC plan for food to a family of the same composition with no income.

Interactions with Other Programs

Eligibility

SSI recipients are not included in the AFDC unit. AFDC recipients are automatically eligible for Medicaid and free school meals. States are required to provide twelve months of Medicaid coverage to AFDC families who lose AFDC eligibility due to the loss of the earned income disregard. States have the option of extending this coverage for an additional six months.

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Sequencing of Income

Social insurance benefits, veterans' benefits, disability benefits, and unemployment benefits are included in AFDC countable income. At State option, public assistance received through other programs may be excluded from AFDC countable income to the extent that such assistance does not duplicate all or part of the AFDC payment. The earned income tax credit is not counted as income except under the 185 percent gross income test.

Taxation of Benefits

AFDC benefits are not included in taxable income.

History of Recent Major Program Changes

The Family Support Act of 1988 (P.L. 100-485) requires:

- That the earned income disregard be raised from $75 to $90 per month, that the child care expenses allowance be raised to $175 ($200 for children under age 2), and that the States disregard the Earned Income Tax Credit (EITC) except under the gross income test.

- That States guarantee child care to AFDC families, if it is necessary to accept or retain employment or to participate in approved JOBS activities, to be reimbursed at the Medicaid matching rate.

- That States provide transitional child care benefits for up to 12 months to families who leave welfare because of work, if the child care is essential for employment. States must establish sliding-scale fee schedules based on ability to pay.

- That each state have a Job Opportunities and Basic Skills Training (JOBS) program and non-exempt AFDC recipients participate in the JOBS program (see JOBS, Categorical Eligibility).

- That all states establish a program that will provide AFDC benefits to two-parent families (AFDC-UP). All states that are currently operating AFDC-UP programs must continue to operate the programs without a time limit on eligibility. Other states have the option to limit AFDC-UP to as few as 6 months in any 12-month period.

- That states provide full Medicaid coverage to families who are eligible for AFDC-UP, including months when benefits are not paid due to the time limit on eligibility.

- Effective 1994-1998, that at least one parent in each AFDC-UP family be required to participate for at least 16 hours per week in some type of work activity. Minimum JOBS participation rates for the AFDC-UP caseload in each State have been established (40 percent for FY 1994, increasing to 75 percent for FY 1997 and FY 1998).

- That States have the option to require minor parents to live with their parents in order to receive AFDC benefits.
- That AFDC recipients cooperate with state authorities in establishing the paternity of a child born outside of wedlock.
- That AFDC recipients cooperate with state authorities in obtaining child support payments from noncustodial parents.
- That each State re-evaluate its need and payment standards every three years.
- That each State establish pre-eligibility fraud detection measures to identify fraudulent applications before assistance payments are issued.

Program Statistics

(See accompanying charts)

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Reviewed by: Lou Carrera, Branch Chief, Information Measurements Branch, Office of Family Assistance, Family Support Administration, (202) 252-5762.

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TABLE 1

CHARACTERISTICS OF STATE AFDC PROGRAMS AS OF JANUARY 1, 1989

State	Need Standard Two Persons	Need Standard Four Persons	Payment Standard Two Persons	Payment Standard Four Persons	Payment Standard (Percent of Need) Two Persons	Payment Standard (Percent of Need) Four Persons	Payment Standard (Percent of Poverty) Two Persons	Payment Standard (Percent of Poverty) Four Persons	Presence of Unemployed Parent Program	Presence of Emergency Assist Program
Alabama	479	670	88	147	18	22	13	15	N	N
Alaska	719	899	719	899	100	100	86	71	N	N
Arizona	494	748	233	353	47	47	35	35	N	N
Arkansas	560	850	560	850	100	100	84	84	N	Y
California	535	788	535	788	100	100	80	78	Y	Y
Colorado	331	510	331	510	100	100	50	51	N	N
Connecticut	434	627	434	627	100	100	65	62	Y	N
Delaware	247	402	247	402	100	100	37	40	Y	Y
District of Columbia	560	870	309	480	55	55	46	48	Y	Y
Florida	644	970	220	338	34	35	33	34	N	Y
Georgia	315	444	226	319	72	72	34	32	N	Y
Hawaii	742	1,117	445	670	60	60	58	58	Y	N
Idaho	446	627	245	344	55	55	37	34	N	N
Illinois	539	835	250	386	46	46	37	38	Y	Y
Indiana	255	385	255	385	100	100	38	38	N	N
Iowa	421	578	333	458	79	79	50	45	Y	N
Kansas	324	468	324	468	100	100	48	46	Y	Y
Kentucky	188	272	188	272	100	100	28	27	N	N
Louisiana	472	809	138	234	29	29	21	27	N	N
Maine	470	794	326	551	69	69	46	52	Y	Y
Maryland	407	628	294	454	72	72	44	45	Y	Y
Massachusetts	486	668	486	668	100	100	73	66	Y	Y
Michigan	461	693	461	693	100	100	69	69	Y	Y
Minnesota	437	621	437	621	100	100	65	62	Y	Y
Mississippi	293	443	183	245	62	55	27	24	N	N
Missouri	250	365	228	333	91	91	34	33	Y	N
Montana	346	523	286	433	83	83	43	43	Y	Y
Nebraska	293	435	293	435	100	100	44	43	Y	Y
Nevada	450	650	270	390	60	60	40	39	N	Y
New Hampshire	433	552	433	552	100	100	63	54	N	N

TABLE 1 (continued)

CHARACTERISTICS OF STATE AFDC PROGRAMS AS OF JANUARY 1, 1989

State	Need Standard		Payment Standard		Payment Standard (Percent of Need)		Payment Standard, (Percent of Poverty)		Presence of Unemployed Parent Program	Presence of Emergency Assist Program
	Two Persons	Four Persons	Two Persons	Four Persons	Two Persons	Four Persons	Two Persons	Four Persons		
New Jersey	322	488	322	488	100	100	48	48	Y	Y
New Mexico	210	317	210	317	100	100	31	31	N	N
New York	439	638	439	638	100	100	66	63	Y	Y
North Carolina	462	582	231	291	50	50	35	29	Y	Y
North Dakota	313	472	313	472	100	100	47	47	N	N
Ohio	583	880	263	397	45	45	39	39	Y	Y
Oklahoma	364	583	252	403	69	69	38	40	N	Y
Oregon	359	511	359	511	100	100	54	51	Y	Y
Pennsylvania	461	724	301	474	65	65	45	47	Y	Y
Rhode Island	419	590	419	590	100	100	63	59	Y	N
South Carolina	322	485	322	485	100	100	48	48	Y	N
South Dakota	323	408	323	408	100	100	48	40	N	N
Tennessee	280	445	280	445	100	100	42	44	N	N
Texas	493	691	158	221	32	32	24	22	N	N
Utah	402	586	301	439	75	75	45	44	N	N
Vermont	779	1,042	527	705	68	68	79	70	Y	Y
Virginia	257	386	231	347	90	90	35	34	N	Y
Washington	705	1,026	397	578	56	56	59	57	Y	Y
West Virginia	401	623	201	312	50	50	30	31	Y	Y
Wisconsin	550	772	440	617	80	80	66	61	Y	Y
Wyoming	320	390	320	390	100	100	48	39	Y	Y
Guam	120	210	120	210	100	100	18	21	Y	N
Puerto Rico	112	208	56	104	50	50	8	10	N	Y
Virgin Islands	225	375	180	300	80	80	27	30	N	Y

SOURCES: U.S. Department of Health and Human Services, Family Support Administration. Automated State AFDC Plans (ASAP) Reports Based on State Plan Amendments Effective on or Before January 1, 1989 and received by April 1, 1989. Tables 11, 21 and 39. Washington, D.C.

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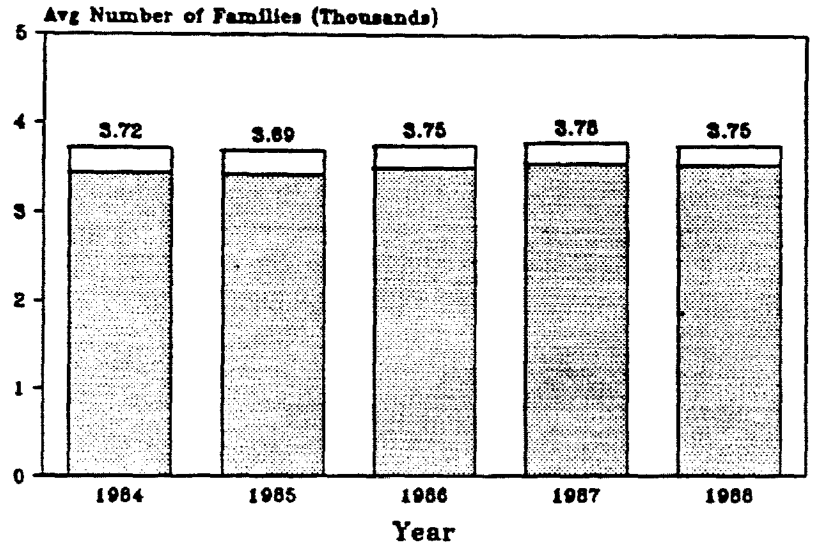
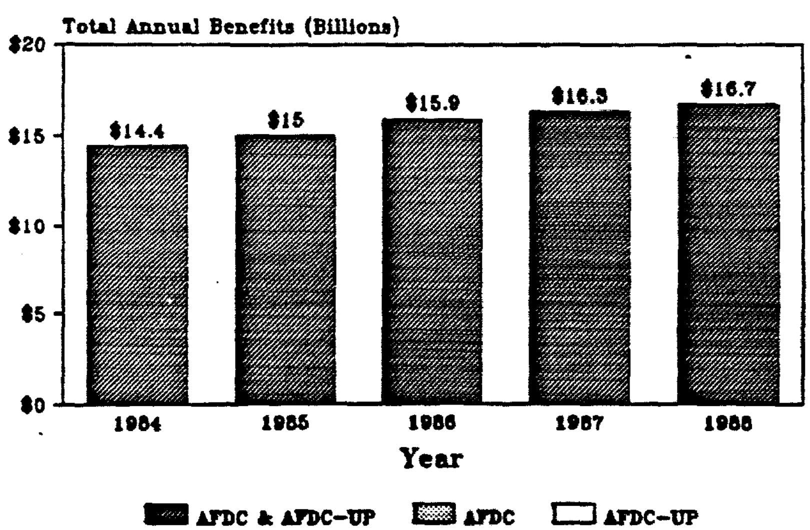
Aid to Families with Dependent Children

Average Monthly Number of Families and Total Annual Benefits

1984 - 1988





Source: Social Security Administration, Social Security Bulletin, 1984 - 1988.
Recipient data from Tables M27 - M31.
Social Security Administration, Social Security Bulletin Annual Statistical Supplement, 1988. Benefit data from table 9G1.

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CHILD SUPPORT ENFORCEMENT PROGRAM

Purpose

To enforce the support obligations owed by noncustodial parents to their children and the spouse (or former spouse) with whom the children are living, to locate absent parents, to establish paternity, and to obtain child and spousal support

Authorization, Funding, and Administration

- Social Security Act of 1935, Title IV-D, as amended in 1975
- 66 percent federally funded for state and local administrative costs for services to both AFDC and non-AFDC families; 90 percent federal matching is available until October 1, 1995 on an open-ended entitlement basis to states that establish automated data processing and information retrieval systems.
- Basic responsibility for administering the program is left to the states, although the federal government provides support services.

Filing Unit

A parent with dependent children who wishes to establish paternity, establish a child support award, or enforce a child support award

Categorical Eligibility

Although eligibility is open to both welfare and nonwelfare families, parents receiving benefits under AFDC, the federally assisted foster care program, or the Medicaid program are required to cooperate with the state or local Child Support Enforcement Agency (CSEA).

Asset Limit

None

Means Test

None

Countable Types of Income

Not applicable

Benefit Formula

Each state's child support plan must provide that the state's child support agency will undertake to secure support from an absent parent for an AFDC child whose rights to support have been assigned to the state. This includes nearly all AFDC children, since assignment of rights to support is a condition of eligibility for AFDC benefits. The state must also stipulate in its plan that, in most cases, it will undertake to establish the paternity of an AFDC child who is born out of wedlock. For families whose AFDC eligibility ends due to the receipt of (or an increase in) child support, states must continue to provide child support enforcement services without imposing the application fee, discussed below, that is required for non-AFDC cases.

Federal statute also provides that a state must make available to non-AFDC families the child support collection and paternity determination services which are provided under the plan for AFDC families, once an application is filed with the state agency. The state must charge non-AFDC families an application fee of up to $25. The amount of the maximum allowable fee may be adjusted periodically by the Secretary of the U.S. Department of Health and Human Services (HHS) to reflect changes in administrative costs. States may charge the fee to the custodial parent, pay the fee out of state funds, or recover it from the noncustodial parent.

State agencies are required to petition to include medical support as part of any child support order whenever health care coverage is available to the noncustodial parent at a reasonable cost.

Child support enforcement services must also include the enforcement of spousal support, but only if a support obligation has been established for the spouse, the child and spouse are living in the same household, and child support is being collected along with spousal support.

The program includes several federal mechanisms to assist the states in performing their paternity and child support enforcement functions. These include the use of the Internal Revenue Service to collect delinquent child support payments through tax refund offsets or the seizure of property and other procedures; activities by the federal courts; and activities by the Federal Parent Locator Service (FPLS).

Finally, federal statute includes an incentive system designed to encourage state and local governments to participate in the program. In particular, they are encouraged to develop programs that emphasize collections on behalf of both AFDC and non-AFDC families and to improve program cost-effectiveness. The basic incentive payment is equal to 6 percent of the state's AFDC collections and 6 percent of its non-AFDC collections. States may qualify for higher incentive payments, up to a maximum of 10 percent of collections, if their AFDC or non-AFDC collections exceed the total administrative costs for the program.

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Indexing

Not applicable

Characteristics of Recipients

In fiscal year 1988, the caseload for CSE contained 5.7 million AFDC households, 3.6 million non-AFDC, and 1.8 million AFDC arrears households. Collections were made for 16.8 percent of all cases: 10.8 percent of AFDC cases and 29.8 percent of non-AFDC cases.

In the spring of 1988, there were 8.8 million women under the age of 21 who had dependent children present from an absent father. Of these, 39 percent had not been awarded child support rights and were thus dependent on income from sources other than the father. Among the women in this category with incomes below the poverty threshold, the proportion without child support awards was 60 percent.

About 70 percent of white mothers with dependent children present from an absent father were awarded child support payments in the spring of 1986; only 36 percent of black mothers and 42 percent of mothers of Spanish origin in this category were awarded child support. In addition, in 1985, the average child support payment actually received by black and Spanish-origin mothers with dependent children from an absent father was smaller than that received by white mothers--black mothers received $1,754 on average; mothers of Spanish-origin, $2,011; and white mothers, $2,294.

Interactions with the Food Stamp Program

Eligibility

None

Program Overlap

Data are not available.

Sequencing of Income

Child support monies collected under the Child Support Enforcement Program reimbursed to the state and federal AFDC programs are not treated as countable income under the FSP. At the state's option and cost, up to $50 of current child support monies collected under the Child Support Enforcement Program and paid to an AFDC family may also be excluded from countable income under the FSP. (See Interactions with Other Programs, below.)

Interactions with Other Programs

Eligibility

Parents receiving benefits from AFDC, the federally assisted foster care program, or the Medicaid program automatically receive services under the Child Support Enforcement Program.

Sequencing of Income

States are required to give an AFDC family the first $50 of child support collected each month under the Child Support Enforcement Program. The remaining child support monies collected on behalf of AFDC families are used to offset the cost of the AFDC program to the federal and state governments. The division of the monies between the federal and state governments is determined by the federal/state matching ratio for the state. A family is still eligible for child support enforcement assistance even if they are no longer eligible for AFDC.

If a family loses AFDC eligibility due (wholly or in part) to the increased collection of child support payments, the state must continue to provide child support enforcement services (without imposing the application fee) and Medicaid benefits for 4 calendar months.

Title IV-D of the Social Security Act includes a provision to allow the garnishment of wages and other payments made by the federal government for the enforcement of child support and alimony obligations. The following federal income sources may not be garnished: any payments as compensation for death under any federal program; federal Black Lung benefits; Veterans' Administration pensions or payments as compensation for a service-related disability or death; and amounts paid to defray employment-related expenses.

Periodically, states must determine whether any individuals receiving Unemployment Compensation have outstanding child support obligations. The state employment security agency is required to withhold unemployment benefits, and to pay the child support agency any outstanding child support obligations established by an agreement with the individual or through legal processes.

Taxation of Benefits

Child support payments are not considered taxable income if the payments were defined as child support (as opposed to alimony) in the support order.

History of Recent Major Program Changes

Under The Family Support Act of 1988:

- States are required to meet federal standards (based on the number of children in the state who are born out of wedlock, are receiving cash

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benefits or IV-D child support services, and for whom paternity has been established) for the establishment of paternity.

- Time limits must be set by the Secretary of HHS on the period in which states accept and respond to requests for assistance in establishing and enforcing support orders, and the period in which they distribute child support payments to the families to whom the payments are owed.

- By October 1, 1991, all states that do not have statewide automated tracking and monitoring systems in effect must submit an advance planning document that meets federal requirements.

- A commission on Interstate Child Support was established to hold one or more national conferences on interstate child support enforcement reform; this commission must report to Congress no later than October 1, 1990.

- The secretaries of Labor and HHS must cooperate with the Federal Parent Locator Service to give the service prompt access to wage and unemployment compensation claims information useful in locating absent parents.

- The Secretary of HHS is required to grant waivers to up to 5 states to allow them to provide education, training, and other work-related services to unemployed noncustodial parents under the JOBS program. The purpose of this demonstration is to see if the provision of training and work-related services will increase these parents' ability to pay child support.

- The Secretary of HHS is required to maintain state-by-state statistics on several issues associated with child support enforcement, such as paternity determination and the location of absent parents.

Under the Omnibus Budget Reconciliation Act of 1987 (P.L. 100-203), states are required to provide child support enforcement services to all families with an absent parent who receive Medicaid and have assigned their support rights to the state, regardless of whether they are receiving AFDC.

Program Statistics

In FY 1988, collections on behalf of AFDC families were greater than $1.4 billion; collections on behalf of non-AFDC families were greater than $3.1 billion. The total administrative costs of the program were about $1.2 billion, resulting in $3.95 collected for each one dollar of total administrative expenses. The number of parents located in FY 1988 totaled almost 1.4 million, and the number of paternities established totaled 312,000; 192,000 AFDC

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cases where the family received a child support payment were closed. Nationwide, child support collections recovered 9.7 percent of AFDC assistance payments.

From FY 1978 through FY 1988, more than $26.1 billion in child support payments were collected--$10.2 billion on behalf of AFDC families and $16.0 billion on behalf of non-AFDC families.

References

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Reviewed by: Linda Melgren, Program Analyst, Office of Assistant Secretary for Planning and Evaluation, Department of Health and Human Services, (202) 245-7507.

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PENSIONS FOR NEEDY VETERANS, THEIR DEPENDENTS AND SURVIVORS

Purpose

To provide monthly cash benefits to needy disabled or elderly veterans, as well as to their families and survivors

Authorization, Funding, and Administration

- World War Veterans Act of 1930 (P.L. 522-71)
- 100 percent federally funded
- Administered by the Department of Veteran Affairs

Filing Unit

Individual

Categorical Eligibility

Veterans are eligible for pension benefits, provided that (a) they served at least one day of wartime service, (b) their discharge was other than dishonorable after at least 90 days, (c) they are permanently and totally disabled, and (d) their disabilities have been judged to be unrelated to their service, and not caused by "willful misconduct or vicious habits." Veterans age 65 or older are considered disabled under this program. The survivors of veterans who have met these requirements are also eligible for pensions. Eligible dependents include spouses and unmarried children who are under age 19, or age 18 to 23 and in school full-time or disabled from a childhood condition.

Asset Limit

A "reasonable" amount of assets exclusive of home and personal property

Means Test

There is no separate means test for program eligibility. An individual or family with income above the maximum annual benefit level may not be eligible for a positive benefit amount (see Benefit Formula).

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Countable Types of Income

The cash income of a veteran and his or her family is considered countable income.

Exclusions

The current earnings of a child that are below the child's income tax threshold, postsecondary education expenses, cash welfare aid, proceeds from the sale of nonbusiness property, compensation received from the Domestic Volunteer Service Act Program, and amounts of family income equal to unreimbursed medical expenses that exceed 5 percent of the basic annual benefit are excluded from countable income.

Deductions

Expenses for the last illness and the burial of the veteran or dependent are deducted from countable income.

Benefit Formula

Pension benefits are determined on the basis of the maximum annual benefit levels listed below. The maximum benefit is reduced on a dollar-for-dollar basis by annual countable income. Depending on the level of care required, the maximum benefit for a disabled veteran or widow may be higher than the amounts shown. Benefits are generally payable monthly.

Maximum Annual Benefits, Calendar Year 1989

Veteran without dependents	$6,463
Veteran with one dependent	$8,466
Widow without dependents	$4,331
Widow with one dependent	$5,674
Increase for each additional dependent child	$1,098

Indexing

Benefits are indexed to changes in the CPI-W in the same manner as OASI benefits (see Indexing, OASI).

Characteristics of Recipients

Recipients of survivors' benefits accounted for 51 percent of the program's total recipients in September 1988. Spouses living alone accounted for 89 percent of the survivor recipients (85 percent of the recipients resulted from veterans of World War II or earlier). Elderly veterans

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accounted only for 21 percent of the disabled/elderly recipients disabled because of their age (80 percent of the disabled/elderly recipients resulted from veterans of World War II or earlier).

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References

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Reviewed by: Mike Wells, Statistician, Demographics Division, Management Sciences Service, Department of Veterans Affairs, (202) 233-6815.

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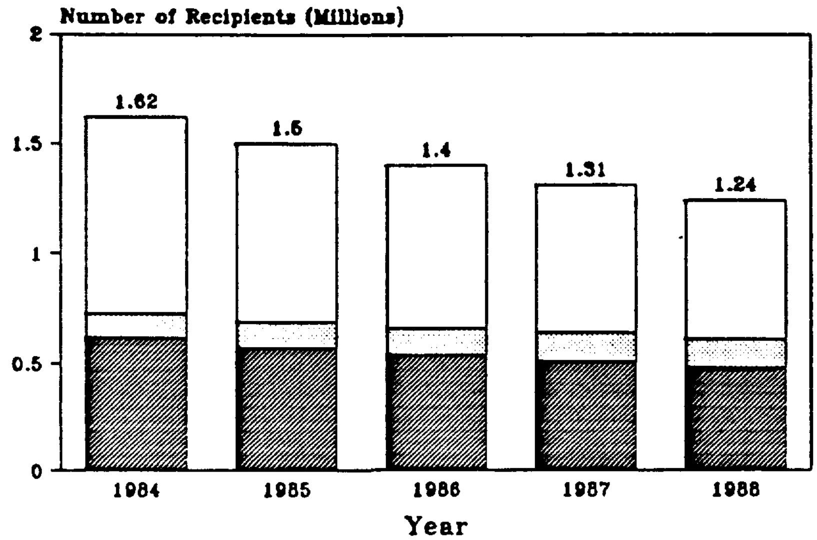
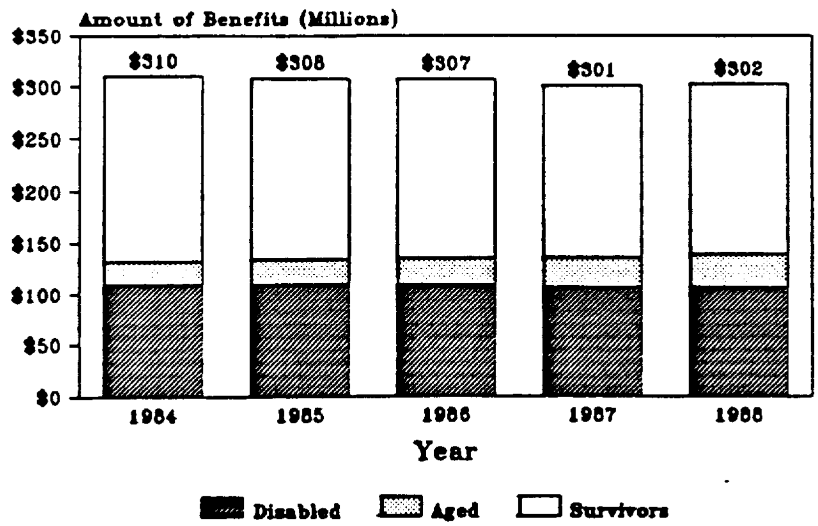
Pensions for Needy Veterans, Their Dependents and Survivors

Total Recipients and Total Monthly Benefits

September 1984 - September 1988





Source: Department of Veterans Affairs Veteran Administration Annual Reports 1980 - 1984. Table 54.

GENERAL ASSISTANCE (GA)[2]

Purpose

General Assistance is an all-encompassing term for state and local programs which provide aid to low-income persons ineligible for AFDC, SSI, or Emergency Assistance; although medical assistance is also provided, the following discussion is limited to cash assistance

Authorization, Funding, and Administration

In 1982, 21 states had GA programs that were operated on a statewide basis and were fully funded by the states. This was also the case for the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. Nineteen states provided no funds for local programs, although four of these states required localities to offer GA. Nine states shared GA costs with local governments. The GA program in West Virginia was eliminated in 1980.

Filing Unit

Varies by offering jurisdiction; generally offered to individuals, couples, and families with dependent children

Categorical Eligibility

Many areas limit eligibility to disabled individuals or others who are deemed unemployable. Jurisdictions that provide benefits to employable adults often restrict eligibility to persons with dependent children and require participation in employment programs. Most programs do not provide aid to AFDC or SSI recipients. However, many of them do provide aid to individuals or families who are awaiting eligibility determinations from either of these programs. Almost half of the programs provide benefits to families who have become ineligible for AFDC due to the age of the youngest child.

Asset Limit

In general, GA asset limits are lower than AFDC or SSI asset limits. Several of the programs require liquid assets to be exhausted. Most programs exclude from countable assets the

[2]Unless otherwise noted, this description refers to state GA programs as of 1982. More recent information will be available in the fall of 1990 in a report on state GA programs that is being prepared for the Office of the Assistant Secretary of Planning and Evaluation at HHS.

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entire value of a home and the equity or market value of an auto, up to a limit (often equal to $1,500).

Means Test

In general, income-eligibility tests, separate from the benefit determination, are not applied.

Countable Types of Income

Generally, all cash income sources are countable.

Exclusions

None, in general, although some states allow miscellaneous income exclusions.

Deductions

Some states allow deductions for work-related expenses.

Benefit Formula

General Assistance programs range from limited programs that provide one-time emergency payments to full-scale programs similar to AFDC that provide benefits on a continuing monthly basis. Under most programs, benefits are calculated as the payment standard net of countable income. Payment standards vary considerably among programs. In almost every state, the payment standard for an individual is lower than the SSI payment standard. The payment standard for a family of four equals the AFDC standard in about one-third of the states. In 1982, the GA payment standard for an individual ranged from $27 in South Carolina to $299 in New York. The payment standard for a four-person family ranged from $40 in Arkansas (although County Directors could increase payments at their discretion) to $601 in California. According to the Congressional Research Service (1989), benefits averaged $279 per recipient in California, $258 in New York, and $189 in Michigan in late 1988.

Indexing

In general, benefits are not indexed.

Characteristics of Recipients

In 1982, 30 jurisdictions reported that most of their GA recipients were single adults. Four states reported that most of their GA recipients were intact families with children.

Interactions with the Food Stamp Program

Eligibility

None

Program Overlap

General assistance cash benefits were received by 12.3 percent of food stamp households in the summer (July and August) of 1987, according to Food Stamp Program quality control data. The average GA benefit received by a household was $98.

Sequencing of Income

General Assistance benefits are included in the Food Stamp Program's definition of countable income.

Interactions with Other Programs

Eligibility

In most states, recipients of AFDC or SSI are ineligible for GA benefits. GA applicants are usually required to apply for SSI benefits if they are categorically eligible for them. GA benefits are often given to persons who are awaiting eligibility determination for SSI or AFDC. Many states allow AFDC families who lose eligibility for AFDC due to the age of the youngest child to be eligible for GA benefits. Some states consider two-parent families with an unemployed parent who fails the work history requirement or the primary earner test of AFDC to be eligible for GA benefits.

Sequencing of Income

Most GA programs include cash income from all other assistance programs in countable income for purposes of benefit determination.

Taxation of Benefits

GA benefits are nontaxable.

History of Recent Major Program Changes

As stated above, GA programs vary considerably from state to state. A comprehensive description of the changes in these programs that have occurred since 1982 will be available in the fall of 1990.

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Program Statistics

Statistics for GA programs are incomplete; the collection of benefit payment data was discontinued in 1981. The Census Bureau reports that direct cash assistance by states and localities totalled approximately $2.6 billion in 1986 and in 1987. The Congressional Research Service estimates 1988 payments at $2.7 billion, based on a survey of large programs.

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Reviewed by: Vee Burke, Specialist in Income Maintenance, Congressional Research Service, Library of Congress, (202) 707-5885.

EARNED INCOME TAX CREDIT (EITC)

Purpose

To increase work incentives and offset Social Security and income taxes for low-income families with dependent children

Authorization, Funding, and Administration

- Initially provided for in The Tax Reduction Act of 1975; was made a permanent feature of the tax law by the Revenue Act of 1978
- 100 percent federally funded
- Administered by the Internal Revenue Service, U.S. Department of the Treasury

Filing Unit

Tax filing unit

Categorical Eligibility

The EITC is available to (a) married individuals filing joint returns who are entitled to a dependency exemption for a child, (b) surviving spouses who maintain a household for a dependent child, and (c) unmarried heads of households who maintain a household for a child. A dependency exemption requires that the tax filer provide more than half the support of the child, and a tax filer is considered to maintain a household only if more than half the household expenses are furnished by that individual. (AFDC benefits are not considered to be support provided by the tax filer.)

Asset Limit

None

Means Test

Returns with adjusted gross income (AGI) or earned income in excess of $19,340 (in 1989) are ineligible.

Countable Types of Income

AGI and earned income are considered countable income.

Exclusions

None

Deductions

None

Benefit Formula

The amount of the credit is 14 percent of the first $6,500 of earnings, including net earnings from self-employment. The maximum credit is $910. The size of the credit is not related to the number of dependent children. If the individual has AGI or earned income between $6,500 and $10,249 (including these amounts), he or she will receive the maximum credit. For each dollar of AGI or earned income above $10,249, the credit is reduced by 10 cents. This eliminates the credit when earned income or AGI reaches $19,340. (The dollar amounts in this section have not been adjusted for inflation.)

The EITC may be received in the form of reduced income tax withholding by employers or as part of a tax refund.

Indexing

The income base eligible for the credit and the phase-out starting point are adjusted for inflation occurring after August 31, 1984. For example, the maximum amount of earned income eligible for the credit in 1988 is adjusted for the inflation that occurred between August 31, 1984 and August 31, 1987. Inflation adjustments associated with the credit are rounded to the nearest $10.

Recipient Characteristics

The EITC was claimed on 6.1 percent of all federal income tax returns for tax year 1986. Of those who claimed the EITC that year, 74.1 percent received the credit as part of a tax refund.

Interactions with the Food Stamp Program

Eligibility

None

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Program Overlap

Food Stamp Program quality control data for summer (July and August) 1987 indicate that 7,000 food stamp households (0.1 percent) received the EITC in the form of reduced income tax withholding. However, since many tax filers who claim the EITC receive it in the form of a tax refund (almost 60 percent of those who claimed the EITC in 1986), this greatly underestimates the total number of food stamp households that received the EITC. An upper bound for the number of food stamp households receiving the credit is the number of food stamp households with children and earned income. According to quality control data, 1.2 million food stamp households with children, or 17 percent of all food stamp households, had earnings in the summer of 1987.

Sequencing of Income

The EITC is considered a resource under the Food Stamp Program, regardless of how it is received.

Interactions with Other Programs

Eligibility

AFDC or other public assistance payments may not be considered to be part of the tax filer's contribution to the support of a dependent in the determination of eligibility for federal income tax dependency exemptions.

Sequencing of Income

In general, SSI and GA consider the EITC income in the month in which it is received. The EITC is excluded from countable income for AFDC benefit determinations.

Taxation

The EITC is a refundable tax credit; credits in excess of the income tax liability are refunded to the tax filer.

History of Recent Major Program Changes

Under the Tax Reform Act of 1986, the income base eligible for the credit and the phase-out starting point are adjusted for inflation that has occurred since August 31, 1984.

Under the Family Support Act of 1988, the EITC (received as a tax refund or an advance payment) is disregarded as income for AFDC benefit determinations.

Under the Hunger Prevention Act of 1988, the treatment of the EITC under the Food Stamp Program's definition of countable income was changed so that the credit is always treated as a resource, not as income, regardless of whether it is received in the form of reduced income tax withholding or as a lump-sum tax refund.

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Program Statistics

Year	Total Returns ($ millions)	Returns with EITC ($ millions)	Value of EITC ($ billions)
1984	99.4m	5.8m (5.8%)	$1.6b
1985	101.7m	6.5m (6.4%)	$2.1b
1986	103.0m	6.3m (6.1%)	$2.0b

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Congressional Research Service. Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY 1986-88. Washington, D.C.: Congressional Research Service, 1989.

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Reviewed by: Jeff Hartzok, Chief of Individual Returns Analysis Section of the Statistics of Income Division, IRS, (202) 233-1663.

EMPLOYMENT AND TRAINING PROGRAMS

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FOOD STAMP EMPLOYMENT AND TRAINING PROGRAM (E&T)

Purpose

To assist members of Food Stamp Program households in gaining skills, training, or experience that will increase their ability to obtain regular employment.

Authorization, Funding, and Administration

- The Food Security Act of 1985 (P.L. 99-198, Section 1517) which amends Section 6 of the Food Stamp Act of 1977.

- Federal funding includes $75 million for grants to States for administration of E&T programs, unlimited matching funds (50 percent match) for administrative costs in excess of the unmatched grant, and 50 percent matching funds for reimbursements to participants for expenses related to E&T participation, such as child care or transportation. The Federal match for child care reimbursements is limited to $80 per dependent per month; the match for other participant reimbursements is limited to $12.50 per participant per month.

- Administered by State and local Food Stamp Agencies in conjunction with the Food Stamp Program.

Filing Unit

Adult food stamp recipients.

Categorical Eligibility

Certain individuals are required to register for work and/or participate in E&T. Generally, all able-bodied, unemployed, adult food stamp participants are required to register for work when applying for food stamps and must accept suitable employment when available. Persons exempt from work registration requirements include: persons under age 16 or over age 59, persons age 16-17 who are not heads of households or are enrolled in school, persons caring for a child under age 6, persons subject to work requirements under Title IV of the Social Security Act (i.e., JOBS participants), recipients of unemployment compensation, participants in drug or alcohol rehabilitation programs, persons working 30 hours per week (or earning the equivalent of the Federal minimum wage multiplied by 30 hours), and students enrolled at least half-time.

In general, persons who are required to register for work are also required to participate in E&T. However, the Secretary can grant States the authority (through the State plan approval process) to allow individual and categorical exemptions from participation in E&T, such as exempting pregnant women in their second or third trimester, persons caring for children if

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adequate child care is not available, persons participating in the Food Stamp Program for 30 days or less, or persons living in areas with high unemployment rates.

Asset Limit

See Food Stamp Program, Asset Limits.

Means Test

See Food Stamp Program, Means Test.

Countable Types of Income

See Food Stamp Program, Countable Types of Income

Benefit Formula

The Food Security Act of 1985 required States to implement employment and training programs by April 1, 1987. Allowable activities include job search, job search training, workfare, work experience, and education (vocational and non-vocational). In addition to providing E&T services to participants, States are required to reimburse participants for expenses related to their participation. Federal matching funds for these participant reimbursements are limited to $80 per dependent per month for dependent care and $12.50 per month per participant for all other expenses (transportation, etc.).

States determine the number of months a participant spends in an E&T component. In general, a minimum of 12 hours per month for two months is expected, except as indicated below.

Participation in job search, workfare, and other work components is limited under law. Job search can be required for no more than eight consecutive weeks after an application is filed, and for no more than eight weeks in any 12 month period following the initial eight week period. Participation by all household members in workfare or in a work component during a calendar month cannot exceed the number of hours equal to the household's grant divided by the minimum wage. Participation in all E&T activities, when combined with non-E&T workfare and work for compensation, cannot exceed 120 hours during a calendar month.

Indexing

None

Characteristics of Recipients

In general, E&T participants are young, unmarried and nonwhite. The average age is 33 years old and the majority are members of households without children. Participants are equally likely to be male or female. Most of these individuals are in need of remedial services to secure employment. E&T participants, in general, are poorly educated, with only about half having completed high school. They also are not well attached to the labor market -- only about 40 percent were employed during the previous year, and half of those worked fewer than six months. Many participants receive General Assistance benefits in addition to food stamps; relatively few receive AFDC.

Interactions with the Food Stamp Program

Eligibility

Compliance with the work registration requirement is a condition of eligibility for food stamps. Work registrants who are not exempt from E&T and who refuse or fail without good cause to comply with an E&T requirement are disqualified from the Food Stamp Program for two months. If the noncomplying person is the head of household (defined as either the major wage earner in the prior two months or, if there is no person with an earnings history, the individual designated head by the household members), the entire household becomes ineligible for food stamps for the two month disqualification period or until the head of household complies, becomes exempt, or leaves the household, whichever comes first. Persons who are exempt but voluntarily participate in E&T are not subject to the sanction provisions.

Program Overlap

In the summer of 1987, 19 percent of nonelderly adult food stamp recipients were required to register for work. Almost all persons exempt from work requirements were either caretakers of young children or incapacitated adults, registered for work under another assistance program, disabled, or employed full-time.

State reported data for FY 1989 indicate that about one-third of work registrants were exempt from E&T. Of those determined nonexempt, about half participated in the E&T Program during the year.

Sequencing of Income

Reimbursements for the cost of participation are not countable income for food stamp benefit determination. Further, any portion of child care costs that are reimbursed may not be claimed as an expense for calculating the food stamp dependent care deduction.

Interactions with Other Programs

Eligibility

Food stamp recipients who participate in JOBS or are recipients of unemployment compensation (i.e., required to participate in job search) are automatically exempt from participation in E&T, although they may still volunteer to participate. Any failure to comply with a JOBS or unemployment compensation work requirement which is comparable to an E&T requirement is treated the same as if the food stamp recipient had failed to comply with a food stamp work requirement.

Sequencing of Income

See Food Stamp Program, Interactions with Other Programs.

Taxation of Benefits

Participants do not receive income in exchange for their participation.

History of Recent Major Program Changes

The Hunger Prevention Act of 1988 increased the reimbursement for dependent care costs under the E&T program to up to $160 per dependent per month, effective July 1, 1989. Other participant expenses continue to be reimbursed up to the limit of $25 per participant per month.

The Hunger Prevention Act of 1988 requires that the Department of Agriculture develop and implement outcome-based performance standards by April 1, 1991. These standards will replace the current standards for E&T which require that States serve 50 percent of their mandatory E&T participants.The new standards must take into account:

- job placement rates,
- wage rates,
- job retention rates,
- the extent of volunteers in E&T,
- reduced need for food stamp benefits, and
- improved educational levels.

Program Statistics

In FY 1989, States spent about $160 million and served over 1.2 million E&T participants. States reported issuing 364,000 Notices of Adverse Action for noncompliance with E&T requirements.

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7 C.F.R. Parts 271, 272, 273 and 277, 1989.

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JOB TRAINING PARTNERSHIP ACT (JTPA)

Purpose

To establish programs to prepare youths, unskilled adults, and individuals who face serious barriers to employment for entry into the labor force

Authorization, Funding and Administration

- Job Training Partnership Act of 1982 (P.L. 97-300)
- 100 percent federally funded
- Administered by local Service Delivery Areas (SDA), which represent either a major labor-market area or an entire state, and by the individual states and the Employment and Training Administration, U.S. Department of Labor.

Filing Unit

Individual and the state

Categorical Eligibility

JTPA is divided into five titles. Each title offers different programs and services. The Title II-A program offers job training primarily for economically disadvantaged individuals (adults and youths); Title II-B offers summer youth programs which are geared towards educational and work skills; Title III authorizes an employment and training program for dislocated workers; Title IV offers federal programs, such as Job Corps and programs for Native Americans; and Title V offers bonuses to states for successful placement services under Title II-A for certain employable individuals.

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Ninety percent of the Title II-A participants in each SDA must be economically disadvantaged; welfare recipients (defined as AFDC, General Assistance and Refugee Assstance Act recipients but not recipients of food stamps) and school dropouts ages 14 to 21 must be served in proportion to their incidence in the eligible population, and at least 40 percent of each SDA's funds must be spent on youths (ages 14 to 21) unless the ratio of economically disadvantaged youths to economically disadvantaged adults differs from the national average, in which case the SDA may proportionately adjust the required minimum allocation of funds.

Title II-B participants must be economically disadvantaged and between the ages of 14 and 22.

Title III programs provide training, retraining, job-search assistance, job placement services, and other services to individuals who have been affected by (a) mass layoffs, (b) natural disasters, (c) federal government actions (e.g., the relocation of federal facilities), or (d) residence in high unemployment areas.

Job Corps (Title IV) participants must be between the ages of 14 and 22 (except for handicapped individuals), economically disadvantaged, residing in an environment which suggests that he or she will be severely at risk in the labor market, and free of medical or behavioral problems that would prevent adjustment to Job Corps training and discipline.

Under Title V, states may request bonus monies on behalf of individuals who have been placed successfully if they are long-term welfare recipients, younger than age 22, receiving disability benefits, or disabled persons.

Asset Limit

None

Means Test

An individual may be considered economically disadvantaged if his or her total income for the previous six months does not exceed the OMB poverty level or 70 percent of the Bureau of Labor Statistics' lower living standard income level, whichever is higher.

Countable Types of Income

Cash income

Exclusions

Unemployment compensation, child support payments, public assistance, disability payments, and black lung benefits are excluded from countable income.

Deductions

None

Benefits

JTPA job training and employment services vary widely across SDAs, as well as within an SDA, according to the needs of the eligible population. Services may be provided by community organizations, local governments, or private businesses. These services include, but are not limited to, classroom training, work experience, on-the-job training, job-search assistance, job counseling, outreach programs, and vocational experience. The youth programs may be expanded to include (for exemplary youths) education for employment programs, pre-employment skills training programs, entry-employment experience programs, and school-to-work transition assistance programs.

In addition to providing job training and employment services, each SDA may spend up to 30 percent of its funds on administrative participant and support costs (for the Title II-A program). Administrative costs may be a maximum of 15 percent of total funds. Participant support costs may include support services, need-based payments, or both. Support services are benefits provided by the SDA, such as transportation, health care, child care, meals, temporary shelter, financial counseling, special services for the handicapped, or other services.

Need-based payments are allowances provided to the applicant as necessary for participation. The guidelines for making need-based payments vary widely. In most cases, the amount of services or payments provided is minimal. Local SDAs decide on reimbursement rates for transportation. Child care is supplied either by the SDA or by the training contractor, or child care expenses may be reimbursed as a need-based payment.

Title III need-related payments are generally restricted to individuals in classroom-based training or education programs. Participants in programs that provide wages, such as on-the-job training or work experience programs, generally do not receive support payments. Similarly, individuals who receive unemployment insurance or AFDC may also be excluded from eligibility for support services or need-based payments, depending on the circumstances of the family.

Title V funds are bonus monies that will be received by states to the extent that state services for certain eligible recipients who have been placed successfully in jobs and who are no longer receiving JTPA benefits exceed the 1987 service levels.

Indexing

Title V funds, when allocated, are adjusted by the CPI.

Characteristics of Recipients

Data from the Job Training Quarterly Survey for the period from July 1988 to March 1989 indicate that youths ages 14 to 21 years constituted 37 percent of the participants in the Title II-A program. Among adult Title II-A participants, 43 percent received public assistance, and 95 percent were economically disadvantaged. Seventy-one percent of the adult participants and 37 percent of youths had high school diplomas. The median length of stay in the Title II-A program was 13.8 weeks. During the same period, 37 percent of Title III participants were economically disadvantaged and 19 percent were high school dropouts. The median length of stay in the Title III program was 12.8 weeks.

Interactions With the Food Stamp Program

Eligibility

Under JTPA, food stamp recipients are considered economically disadvantaged and are thus eligible for JTPA Title II-A programs.

Program Overlap

No current statistics are available.

Sequencing of Income

JTPA need-based payments are included in food stamp countable income, as are earnings received through participation in JTPA on-the-job training programs. The JTPA earnings of dependents younger than age 19 are not included in countable income (at state option) under the Food Stamp Program.

Interactions with Other Programs

Eligibility

Under JTPA, AFDC, GA, and SSI recipients are considered to be economically disadvantaged, and are thus eligible for JTPA Title II-A programs.

Sequencing of Income

Recipients of AFDC or unemployment insurance may be excluded from receiving support services or need-based payments, depending on the Title and the circumstances of the individual. State AFDC programs have the option to disregard income received from participating in JTPA for a period of up to 6 months. Other welfare programs (veterans pensions, child nutrition programs, housing benefits, and other need-based aid established outside of the Social Security Act) are required to disregard JTPA earnings.

Taxation of Benefits

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JTPA benefits (e.g., child care) are not included in taxable income. Income earned through JTPA on-the-job training or work experience programs is considered taxable income.

History of Recent Major Program Changes

In 1988, the Economic Dislocation and Worker Adjustment Assistance Act (P.L. 100-418) replaced the existing provisions of the Title III program, establishing a program for employment and training assistance for dislocated workers.

In 1987, the Stewart B. McKinney Homeless Assistance Act (P.L. 100-77) added homeless individuals to the definition of economically disadvantaged persons under Title II-A of JTPA.

The Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (P.L. 100-628) amended JTPA to include Title V (Jobs for Employable Dependent Individuals Incentive Bonus Program).

Program Statistics

During the first three quarters of program year 1988, an estimated 596,100 individuals were newly enrolled in Title II-A programs and 477,500 individuals terminated their enrollment in the program. Of those that left the program, 70 percent entered employment. During the same period, 90,100 individuals were newly enrolled in Title III programs and 61,000 individuals terminated their enrollment in the program. Of these, 77 percent entered employment. The administration's budget for Title II-A in the program year ending June 30, 1989 was $1.8 billion; for Title III, the budget was $227 million.

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20 CFR Parts 626 - 651, 1988.

29, United States Code Annotated, Sections 1501 to 1799, 1989.

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Federal Register, vol. 54, no. 183, September 22, 1989, pp. 39118-39148.

Reviewed by: Hugh Davies, Director of Office of Employment and Training Program, U.S. Department of Labor, (202) 535-0580.

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JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM (JOBS)

Purpose

To assure that needy families with children obtain the education, training, and employment that will help avoid long-term welfare dependence

Authorization, Funding, and Administration

- Title II of the Family Support Act of 1988 (P.L. 100-485), which amends Title IV of the Social Security Act by creating Part F of the Act and provides for child care and supportive services, as well as transitional child care and medical assistance

- The Federal funding share ranges from 50 to 90 percent. This share falls to 50 percent if a state fails to meet participation standards or fails to spend at least 55 percent of all monies on the JOBS target groups (see Categorical Eligibility)

- Administered by the State and local IV A agencies, Indian Tribes, and Alaska Native organizations

Filing Unit

Individual participants are members of an AFDC filing unit who are either required to participate or volunteer to participate in JOBS.

Categorical Eligibility

AFDC applicants and recipients are categorically eligible to participate in the JOBS program. Individuals who are targeted for participation include (a) custodial parents under age 24 who do not have a high school diploma or recent work history, (b) custodial parents enrolled in AFDC for any 36 of the preceding 60 months, and (c) families in which the youngest child is at least 16 years old. A state may elect to provide placement priority to volunteers among the target groups (see Program Statistics for required JOBS participation rates).

Persons who are exempt from participation are those persons who are (a) ill or incapacitated; (b) needed in the home to care for an ill or incapacitated household member; (c) caring for a young child (3 years or younger, or, at state option, 1 year or younger); (d) working 30 or more hours per week; (e) children under age 16 or attending school (secondary or technical); (f) women in the second or third trimester of pregnancy; (g) persons living in an area in which the JOBS program has not been made available; (h) volunteers for Volunteers in Service to America (VISTA); or (i) persons providing care for a child who is younger than 6, unless child care is guaranteed and participation in the program will not be required for more than 20 hours per week. However, in the case of a custodial parent under 20 years of age who has not completed high school, the State shall require such a parent to participate in an educational activity even if the parent would otherwise be exempt based on the age of the youngest child. Individuals who are exempt from mandatory participation may volunteer to participate in the program.

Among families eligible for AFDC benefits through the AFDC-UP program, only one parent may be exempt to care for children under age 3. AFDC applicants awaiting eligibility determinations may be required to participate in the job-search component of the program. Under demonstration programs, states may allow or require absent parents who, because they are unemployed, cannot pay court-ordered child support to participate in the program.

Asset Limit

See AFDC, Asset Limits.

Means Test

See AFDC, Means Test.

Countable Types of Income

See AFDC, Countable Types of Income.

Benefit Formula

The mandatory JOBS program (which states must implement no later than October 1, 1990) replaces the mandatory state-administered WIN or WIN Demonstration program. State JOBS programs must provide a broad range of services, including education, job skills, training, job-readiness activities, and job development and placement. Programs must include two of the following four activities: Community Work Experience Programs (CWEP), job search, work supplementation, or on-the-job training (OJT). The state agencies are required to provide an initial assessment of the education and employability status of each participant and to review each participant's family circumstances. In addition, states are required to provide payment or reimbursement for necessary transportation and other work-related support services that the states determine are necessary to enable an individual to participate in JOBS (federal matching funds are available at a 50 percent rate). Child care must be guaranteed to individuals if it is necessary to participate in approved education or training activities or to accept or maintain employment.

If the participant is caring for a child under age 6, participation is limited to part-time (20 hours per week) work. Custodial parents younger than 20 who do not have a high school degree

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(or its equivalent) are required to attend educational activities and may be required to do so full-time even if their youngest child is under 3 years of age. Participants will be required to accept employment as long as it does not result in a net loss of cash income. Sanctions will be applied to persons who fail, without good cause, to participate in the program or refuse, without good cause, to accept any bona fide offer of employment.

Beginning in FY 1994 a parent in each Unemployed Parent (AFDC-UP) family must participate at least 16 hours per week in a work activity (or, at State option, education activity if under age 25 and without a high school degree or its equivalent).

Indexing

None

Characteristics of Recipients

No statistics are available at this time.

Interactions with the Food Stamp Program

Eligibility

All AFDC recipients, including JOBS participants, are automatically exempt from the Food Stamp Employment and Training (E&T) Program; however, they may volunteer to participate in that program.

Program Overlap

No statistics are available at this time.

Sequencing of Income

None

Interactions with Other Programs

Eligibility

All AFDC/food stamp recipients complying with a Title IV work requirement, including participation in JOBS, are automatically exempt from the Food Stamp Employment and Training (E&T) Program. AFDC recipients who meet JOBS exemption criteria are usually exempt from E&T for the same reasons. These persons may volunteer to participate in E&T. In local areas

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not operating an AFDC work program, however, nonexempt recipients would be subject to food stamp work requirements.

Sequencing of Income

See AFDC, Interactions with Other Programs.

Taxation of Benefits

Income received from participation in JOBS activities is taxable income.

History of Recent Major Program Changes

The Family Support Act of 1988 authorized the JOBS program and repeated the Work Incentive (WIN) Program authorized in Title IV-C of the Social Security Act.

Program Statistics

No statistics are currently available. Eight-hundred million dollars has been authorized for JOBS in FY 1990, compared with $91.4 million for WIN in FY 1989.

In FY 1990, at least 7 percent of the nonexempt AFDC caseload must participate in the JOBS program. By 1995, at least 20 percent of the non-exempt AFDC caseload must participate. If participation rates in a state are not met, funding will be reduced. The percentage of families required to meet the AFDC-UP participation rates are 40 percent in 1994, growing to 75 percent in FY 1997 and FY 1998.

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Reviewed by: Lou Carrera, Branch Chief, Information Measurement Branch, Office of Family Assistance, Family Support Administration, (202) 252-5762.

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TARGETED JOBS TAX CREDIT (TJTC)

Purpose

To provide incentives to employers for hiring targeted groups of individuals

Authorization, Funding, and Administration

- Originally authorized by the Revenue Act of 1978, most recently reauthorized by the Revenue Reconciliation Act of 1989
- 100 percent federally funded
- Administered by the Internal Revenue Service, U.S. Department of the Treasury

Filing Unit

Employer

Categorical Eligibility

Employers receive a tax credit for "qualified first-year wages" (see Countable Types of Income) paid to individuals from 9 targeted groups: (1) vocational rehabilitation referrals, (2) economically disadvantaged youths ages 18 to 22, (3) economically disadvantaged Vietnam-era veterans, (4) SSI recipients, (5) General Assistance recipients, (6) youths participating in cooperative education programs ages 16 to 19, (7) economically disadvantaged former convicts, (8) AFDC recipients and Work Incentive (WIN) registrants, and (9) qualified summer youth employees. Employers receive the credit for qualified wages earned between May 1 and September 15 for summer youth employees. Membership in a target group must be certified by a state employment security agency.

An individual is considered to be economically disadvantaged if he or she is a member of a family whose income for the six months prior to the determination, or the month in which the individual is hired, would be, on an annual basis, 70 percent or less of the Bureau of Labor Statistics lower living standard, as determined by a state employment security agency.

The credit is available for wages paid to members of the targeted groups if the employee is (a) employed by the employer for a minimum of 90 days (14 days for summer employees) or (b) has completed at least 120 hours (20 hours for summer employees) of work for the employer.

Asset Limit

Not applicable

Means Test

The first $6,000 earned by a member of a target group during his or her first year of employment ($3,000 for summer employees) may be considered for the TJTC.

Countable Types of Income

"Qualified first-year wages" means wages earned by individuals who are members of a target group for services rendered during the one-year period beginning with the day on which the individual begins work with the employer.

Exclusions

Amounts paid or incurred by the employer for any period to any individual for whom the employer receives federally funded payments for on-the-job training for that period and that individual are excluded from qualified first-year wages. In addition, wages paid to employees of plants or facilities at which there is a strike or lockout are not included as qualified wages if those wages are for services which are the same as, or substantially similar to, the services performed by employees participating in, or affected by, the strike or lockout.

Deductions

The amount of work supplementation payments made to an employer for an employee in the taxable year are deducted from the amount of that employee's wages that qualify for the TJTC.

Benefit Formula

The credit is equal to 40 percent of the first $6,000 of qualified first-year wages or $3,000 of wages received between May 1 and September 15 for summer employees (see Countable Types of Income). Thus, the maximum credit per employee is generally $2,400 for full-year employees and $1,200 for disadvantaged summer youth employees.

Indexing

None

Characteristics of Recipients

In FY 1987, more than half (56 percent) of those hired and certified as members of a target group were economically disadvantaged youths ages 18 to 24. The next largest group (17 percent) was AFDC recipients and WIN registrants, followed by vocational rehabilitation referrals (7 percent).

Interactions with the Food Stamp Program

Eligibility

None

Program Overlap

No statistics are available.

Sequencing of Income

None

Interactions with Other Programs

Eligibility

Wages paid to AFDC recipients and WIN registrants, SSI recipients, and general assistance recipients are eligible for the TJTC.

Sequencing of Income

On-the-job training payments are excluded from qualified wages, and the amount of qualified wages paid to an individual must be reduced by the amount of work supplementation payments that the employer receives on that employee's behalf.

Taxation of Benefits

The TJTC is a tax credit that employers may elect to receive for wages paid to members of target groups.

History of Recent Major Program Changes

The Tax Reform Act of 1986 generally reduced the maximum credit per year, limited the per-employee period in which the credit can be claimed to one year, and established a minimum employment period for credit eligibility.

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Under the Omnibus Reconciliation Act of 1987, wages paid to individuals who perform services that are the same as, or substantially similar to, those performed by employees at the same plant or facility participating in, or affected by, a strike or lockout are not considered to be qualified wages.

The Technical and Miscellaneous Revenue Act of 1988 restricted the category of economically disadvantaged youths to include only employees ages 18 to 22, and reduced the credit percentage for disadvantaged summer youth employees from 85 to 40 percent.

Program Statistics

The number of certifications in FY 1987 (excluding certificates of cooperative education students) was 569,000. This was an increase of 86 percent, or 263,000, from 1980.

References

U.S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means. 1989 Edition. Washington, D.C.: U.S. Government Printing Office, 1989.

26 United States Code Annotated Section 51, 1989.

Reviewed by: Ken Szeflinski, Chief, Corporation Returns Analysis Section, IRS, (202) 233-1755.

HOUSING AND ENERGY AID

LOWER-INCOME HOUSING ASSISTANCE (SECTION 8)

Purpose

To assist lower-income families to live in decent, safe, and sanitary housing in private accommodations through the provision of rental subsidies

Authorization, Funding, and Administration

- Housing Act of 1937
- 100 percent federally funded
- Administered locally by Local Public Housing Agencies (PHAs) and private sponsors; sponsored at the federal level by the U.S. Department of Housing and Urban Development (HUD)

Filing Unit

Families and individuals

Categorical Eligibility

All lower-income families (see Means Test below) are eligible for the program. The number of families that may be assisted at any one time is limited by appropriations; therefore, families are served generally on a first-come, first-served basis, after federal and local preferences are taken into account. Participation by single persons who are not elderly, disabled, handicapped, or displaced and families with incomes between 50 and 80 percent of the area median income is limited and may require HUD's approval. Under the Moderate Rehabilitation Single Room Occupancy Program for Homeless Individuals, any eligible homeless applicants may be assisted on a first come, first-served basis.

Asset Limit

None. However, for families possessing assets in excess of $5,000, countable income includes the greater of the actual income derived from all assets, or the imputed income from the assets, based on the current passbook savings rate as determined by HUD (5.5 percent as of April 1990).

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Means Test

Income eligibility is based on family size and area median income guidelines as determined by HUD. Gross countable income (see Countable Types of Income) must be below 80 percent [illegible]

[illegible] income expected in the 12 months following admission or recertification. Recertification is required annually.

No more than 5 percent of the units that initially became available on or after October 1, 1981, can be rented to households with incomes greater than 50 percent of the area median income. The remaining units are reserved for "very low-income" families--those with incomes are at or below 50 percent of the area median income.

Countable Types of Income

Cash income from all sources, including income from assets, and the Earned Income Tax Credit, if it exceeds the family's tax liability, are considered countable income.

<u>Exclusions</u>

Payments under the Domestic Volunteer Service Act, irregular gifts, amounts that

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The federal government pays the difference between the rent paid by the tenant and the contract rent for all Section 8 programs except the Housing Voucher Program. Contract rents charged by owners of Section 8 housing must be within limits established by HUD for fair-market rents for existing, substantially rehabilitated, or newly constructed units in each metropolitan area or nonmetropolitan county in the United States. HUD may permit rents that are as much as 20 percent higher than the existing limits, if necessary. Under the Housing Voucher Program, no restrictions are placed on tenant rents. The voucher amount is based on the difference between a payment standard that is based on the fair market rent, and 30 percent of the tenant's income.

Indexing

None

Characteristics of Recipients

Current statistics are not available.

Interactions with the Food Stamp Program

Eligibility

None

Program Overlap

Data are not available

Sequencing of Income

Section 8 payments made by the government directly to housing vendors are not counted either as income or shelter expenses under Food Stamp Program regulations. Section 8 utility reimbursements (paid when 30 percent of the adjusted income is less than the utility allowance) to households or utility companies are counted as income and the utility expenses are counted as a shelter expense.

Interactions with Other Programs

Eligibility

In some states, participation in housing assistance programs may mean automatic eligibility for the Low-Income Home Energy Assistance Program. Receipt of veterans' disability benefits does not mean automatic eligibility or qualify as person as disabled, under this program; however, the receipt of Social Security disability benefits does automatically qualify a person for benefit receipt.

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Sequencing of Income

If a family's welfare payment includes a flat shelter and utilities allowance, then the family's entire welfare payment is included in its Section 8 gross countable income. In some states, welfare payments include a shelter and utilities allowance that varies according to the amount of rent paid. In these states, the amount of the welfare payment that is included in the Section 8 countable income equals the welfare payment minus the actual shelter and utilities allowance plus the state's maximum allowance for shelter and utilities.

Taxation of Benefits

Lower-income housing assistance is nontaxable.

History of Recent Major Program Changes

The FY 1987 Appropriation Act provided for the permanent authorization of the Section 8 Housing Voucher Program. (See Benefit Formula for more details.)

The 1987 Stewart B. McKinney Homeless Assistance Act (P.L. 100-77) provided for assistance for homeless individuals in rehabilitated single-room occupancy dwellings.

The Housing and Community Development Act of 1987 (P.L. 100-242) mandated that:

- The occupancy limits placed on families with incomes between 50 and 80 percent of the area median income do not apply at the local level; they apply only at the national level.
- Low-income housing units assisted under Section 8 (containing more than 2,000 dwelling units) may, for a period of three years, establish a maximum rent that may be less than 30 percent of a family's countable income.

Program Statistics

As of the end of fiscal year 1989, there were 2,419,866 Section 8 units. The total cost of the program, which includes the costs of rental subsidies and local administrative expenses, was $9.9 billion in FY 1989.

References

Congressional Research Service. Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY 1986 - 88. Washington, D.C.: Congressional Research Service, 1989.

_____. Trends in Funding and Numbers of Households in HUD-Assisted Housing, Fiscal Years 1975-1989. Washington, D.C.: Congressional Research Service, March 1989.

24 CFR Parts 812-813, 1989.

7 CFR Parts 271-273.10, 1989.

Stewart B. McKinney Homeless Assistance Act, Public Law 100-77, 101 Stat. 482, 1987.

Housing and Community Development Act of 1987 Public Law 100-242, 101 Stat. 1815, 1988.

U.S. Department of Housing and Urban Development, Office of Housing. Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs. Washington, D.C.: HUD, 1988.

U.S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means. 1989 Edition. Washington, D.C.: U.S. Government Printing Office, 1989.

Reviewed by: Louise Hunt, Chief, Policy and Procedures Branch, Rental Assistance Division, HUD, (202) 708-3887.

LOW-RENT PUBLIC HOUSING

Purpose

To provide decent, safe, and sanitary housing and related facilities for low-income families and single persons by subsidizing rents for units owned and operated by local Public Housing Agencies (PHAs)

Authorization, Funding, and Administration

- U.S. Housing Act of 1937
- 100 percent federally funded
- Administered by local PHAs and Indian Housing Authorities; sponsored at the federal level by the U.S. Department of Housing and Urban Development (HUD)

Filing Unit

Families and individuals

Categorical Eligibility

All lower-income families (see Means Test below) are eligible for the program. The number of families that may be assisted at any one time is limited by appropriations; therefore, families are served generally on a first-come, first-served basis, after Federal and local preferences are taken into account. Participation by single persons who are not elderly, disabled, handicapped, or displaced requires HUD's approval and is limited to 15 percent of the units within the jurisdiction of the local PHA. Single persons are considered to be a lower priority than are other types of families on the waiting list.

Asset Limit

None. However, for families possessing net assets in excess of $5,000, countable income includes the greater of the actual income derived from all assets, or the imputed income from the assets based on the current passbook savings rate as determined by HUD (5.5 percent as of April, 1990).

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Means Test

Income eligibility is based on family size and area median income guidelines as determined by HUD. Gross countable income (see Countable Types of Income) must be below 80 percent of the area median income. Where decent, safe, and sanitary housing is not being provided in Indian land areas, the Indian Housing Authority may request HUD to increase the income limits for Indian families and individuals. Eligibility and rental charges are based on countable family income expected in the 12 months following admission or reexamination. Reexamination is required annually.

Public housing developments that initially became available on or after October 1, 1981 cannot be rented to households with incomes greater than 50 percent of the area median income unless HUD has approved an exception. There is no similar restriction on the admission of lower income families to older developments.

Countable Types of Income

Cash income from all sources, including assets and the Earned Income Tax Credit, if it exceeds the family's tax liability, are considered countable income.

Exclusions

Payments under the Domestic Volunteer Service Act, irregular gifts, amounts that reimburse medical expenses, lump-sum additions to family assets, educational scholarships and veterans' educational benefits that cover tuition, fees, books, and equipment, the earnings of children, payments received for the care of foster children, relocation payments, Low-Income Home Energy Assistance, Job Training Partnership Act benefits, interest in Indian trust lands, and hazardous-duty pay to members of the armed forces are excluded from gross countable income.

Deductions

The following deductions are allowed: $480 per year for each household member (except the head or spouse) who is either younger than 18, age 18 or older and disabled, or a full-time student; $400 per year for an elderly family (any family whose head or spouse is 62 or older, disabled or handicapped); an elderly family's medical expenses in excess of 3 percent of gross family income; any family's handicapped assistance expenses exceeding 3 percent of gross family income (up to the amount of the resulting earned income); child care expenses necessary to enable a family member to work or further his or her education (up to the amount of the resulting earned income); and, for Indian Housing only, the higher of child care expenses or excessive travel expenses, not to exceed $25 per family per week, necessary for employment or education. These deductions are applied to gross countable income.

Benefit Formula

Gross rent is set as the highest of (a) 30 percent of countable income, (b) 10 percent of countable income before deductions, or (c) that portion of a family's welfare payment, if any, designated for housing, if the amount is adjusted (up to a maximum) according to the family's actual housing costs. In some cases, the amount of rent charged is capped by a ceiling rent.

Indexing

None

Characteristics of Recipients

Current statistics are not available.

Interactions with the Food Stamp Program

Eligibility

None

Program Overlap

Data not available

Sequencing of Income

Public Housing subsidies are not included in food stamp countable income.

Interactions with Other Programs

Eligibility

In some states, participation in housing assistance programs may mean automatic eligibility for the Low-Income Home Energy Assistance Program. Receipt of veterans' disability benefits does not mean automatic eligibility or qualify a person as disabled under this program; however, the receipt of Social Security disability benefits qualifies a person for benefit receipt.

Sequencing of Income

If a family's welfare payment includes a flat shelter and utilities allowance, then the family's entire welfare payment is included in its Public Housing gross countable income. In some states, welfare payments include a shelter and utilities allowance that varies according to the amount of

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rent paid. In these states, the amount of the welfare payment that is included in Public Housing countable income equals the welfare payment minus the actual shelter and utilities allowance, plus the state's maximum allowance for shelter and utilities.

Taxation of Benefits

Public Housing subsidies are nontaxable.

History of Recent Major Program Changes

The Housing and Community Development Act of 1987 (P.L. 100-242) mandated that:

- The occupancy limits placed on families with incomes between 50 and 80 percent of the area median income do not apply at the local level; they apply only at the national level.

- Public Housing agencies (exclusive of the Indian Public Housing Agency) may, for a period of three years, establish a maximum rent that may be less than 30 percent of a family's countable income.

Program Statistics

The number of PHA and Indian Housing Authority units rose from 1.33 million units in FY 1984 to 1.4 million units in FY 1989. Operating subsidies in FY 1989 were $1.6 billion. The cost of new public housing development was $38.1 billion.

References

Congressional Research Service. Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY 1986 - 88. Washington, D.C.: Congressional Research Service, 1989.

_____. Trends in Funding and Numbers of Households in HUD-Assisted Housing, Fiscal Years 1975-1989. Washington, D.C.: Congressional Research Service, 1989.

24 CFR Parts 912-960.210, 812-813, April 1989.

7 CFR Parts 271-273.10, 1989.

U.S. Department of Housing and Urban Development, Office of Public and Indian Housing Handbook 7465.1 Rev-2 The Public Housing Occupancy Handbook: Admission. Washington, D.C.: HUD, 1988.

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U.S. House of Representatives, Committee on Ways and Means. Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means. 1989 Edition. Washington, D.C.: U.S. Government Printing Office, 1989.

Housing and Community Development Act of 1987, Public Law 100-242, 101 Stat. 1815, 1988.

Reviewed by: Thomas Sherman, Director, Office of Public Housing, Office of the Assistant Secretary for Public and Indian Housing (202) 708-1380.

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LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP)

Purpose

To provide assistance to low-income households in meeting the costs of home energy

Authorization, Funding, and Administration

- Originally authorized by Title XXVI of the Omnibus Budget Reconciliation Act of 1981, and most recently reauthorized by the Human Services Reauthorization Act of 1986
- 100 percent federally funded block grant
- Administered by the individual states, Indian tribes, and territories

Filing Unit

The household, defined as "an individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent."

Categorical Eligibility

Federal statute allows states to make categorically eligible for LIHEAP assistance most households in which one or more members receive non-foster care AFDC, SSI, food stamps, or certain veterans' or survivors' payments or households which meet the federal income guidelines discussed below under Means Test.

Asset Limit

States have considerable discretion in determining asset eligibility criteria. In FY 1989, 16 states applied an asset test to determine eligibility for heating assistance. Asset tests were used less frequently to determine eligibility for winter crisis assistance, cooling assistance, and weatherization assistance.

Means Test

A household which does not meet the categorical eligibility restrictions listed above may be eligible for LIHEAP assistance if its income is below the higher of (a) 150 percent of the OMB poverty guidelines for the state, or (b) 60 percent of the state's median income. These are federal income-eligibility maximums; states may impose more stringent income-eligibility requirements on all households in order to target assistance to poorer households with high energy costs relative to their incomes, and most states have done so. However, states are prohibited from setting the limits below 110 percent of the poverty guidelines.

In FY 1989, 29 states (including the District of Columbia) set income-eligibility criteria for their main heating assistance programs below 150 percent of poverty. The LIHEAP statute prohibits states from excluding income-eligible households from receiving regular home energy assistance benefits.

Countable Income Types

No federal definition of "income" exists in the LIHEAP statute. Generally, state definitions of income are either the same as the definitions under other cash assistance programs or are simply total cash income.

Exclusions

Federal LIHEAP statute does not require specific exclusions to be made from countable income.

Deductions

Federal LIHEAP statute does not require specific deductions to be made from countable income. In states where LIHEAP eligibility is based on participation in other cash assistance programs, the same deductions from income exist.

Benefits

Benefits can vary in form, including cash payments to households, vendor lines of credit, two-party checks, vouchers, tax credits, and payments made directly to landlords. Within the financial limits imposed by the funding levels of their block grants, states may decide benefit levels, the manner of payments, and the amount of assistance that can be given to a household. States establish benefit levels based on several factors, which may include, but are not limited to, income, household size, fuel cost, geography, and housing type; they must establish benefit levels so that the highest benefits go to households with the lowest incomes and the highest energy costs relative to their incomes, taking family size into account. States may use LIHEAP funds to provide benefits that help pay residential heating or cooling costs; purchase and/or install low-cost weatherization materials; or assist households facing energy-related emergency situations. In FY 1988, 41 states and the District of Columbia provided weatherization assistance, 46 states and the District of Columbia provided winter emergency assistance, and 10 states and the District of Columbia provided summer emergency assistance. Also, 51 States provided heating assistance, and 11 States provided cooling assistance.

A state can use a maximum of 15 percent of its allotted funds for weatherization activities. States must set aside, until March 15, a "reasonable" portion of their allotments based on past emergency assistance experience for energy-related emergency assistance. States may also choose to transfer up to 10 percent of their allotments to other HHS block grants. In the past, a majority of states used this authority to transfer funds into block grants for social services, community services, or for maternal and child health services. Up to 15 percent of the amount payable and not transferred to other block grants may be carried over into the next fiscal year.

In FY 1988, the estimated average LIHEAP heating benefit ranged from a low of $51 in Texas to a high of $525 in Massachusetts. The average heating benefit was below $300 in about four-fifths of the states and the national average was approximately $197. The average benefit for winter crisis assistance (or year-round crisis assistance for states that operated year-round crisis programs) was approximately $198 in FY 1988, ranging from a low of $90 in New Mexico to a high of $637 in Minnesota. Cooling assistance was available in 15 states in FY 1988 (including Arizona, California, and Florida, which ran combined heating and cooling assistance programs, and Hawaii, which did not differentiate between heating and cooling assistance); average benefits that year ranged from $46 in Texas to $334 in Virginia. The maximum low-cost weatherization assistance allowable to a household in FY 1989 ranged from $230 in Washington to $5,000 in Michigan, with a national median of $1,600.

Indexing

Not applicable

Recipient Characteristics

- Based on March 1988 CPS data, approximately 39 percent of households receiving heating assistance had an elderly member (60 years or older); this is approximately equal to the proportion of households with elderly members among all low-income households.

- The Office of Energy Assistance of the U.S. Department of Health and Human Services estimates that, in FY 1988, approximately 58 percent of the households receiving heating assistance had annual incomes of less than $6,000.

Interactions with the Food Stamp Program

Eligibility

In FY 1989, Food Stamp Program participant households were automatically eligible for heating assistance in two states. In four additional states, food stamp households applying for LIHEAP heating assistance were required to fill out a shorter version of the regular application form.

Program Overlap

In August 1985, LIHEAP assistance was received by 9 percent of food stamp households (Huff and Trippe, 1989).

Sequencing of Income

Payments or allowances received by food stamp participants from LIHEAP are excluded from countable income. Expenditures on utilities paid for from LIHEAP benefits, either cash or in-kind, are included in calculating the excess shelter expenses deduction. If a state has a standard utility allowance (SUA), expenditure on utilities from either personal resources or LIHEAP benefits qualifies a food stamp household for the SUA, which can then be applied to the excess shelter expense deduction. If the state develops two standard utility allowances, households receiving assistance through LIHEAP, directly or indirectly, qualify for the larger allowance.

Interactions with Other Programs

Eligibility

At the state's option, a household is categorically eligible for LIHEAP assistance if one or more of its members receives non-foster care, AFDC, food stamps, SSI, or certain needs-tested veterans' pensions or compensation benefits.

Sequencing of Income

Home energy assistance payments cannot be considered to be income or resources of an eligible household for any purpose under federal or state law.

Taxation of Benefits

Home energy assistance payments are nontaxable.

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History of Recent Major Program Changes

Under the Human Services Reauthorization Act of 1986, the program was authorized through FY 1990, and time limits were set within which states must respond to requests for crisis assistance. Some form of assistance that will resolve the energy crisis must be provided within 48 hours in response to a request for assistance by an eligible household; the assistance must be provided within 18 hours if the household is in a life-threatening situation. In addition, applications for energy crisis benefits must be accepted at geographically accessible sites, and physically infirm individuals must be able to apply without leaving their homes, or have transportation made available to them to a site at which applications are accepted.

Program Statistics

(See accompanying charts)

References

7 CFR Part 273.9, 1989.

Huff, A., and C. Trippe. "FSP Households by Use of Standard Utility Allowance and Receipt of Energy Assistance. August 1985 SIPP Eligibility File." Unpublished memorandum to the Food and Nutrition Service, U.S. Department of Agriculture. Washington, D.C.: Mathematica Policy Research, Inc., September 15, 1989.

Human Services Reauthorization Act of 1986, P. L. 99-425, 100 Stat. 973, 1986.

National Center for Appropriate Technology. Catalog of Fiscal Year 1989 State Low Income Home Energy Assistance Program Characteristics. Report prepared for the Office of Energy Assistance, Family Support Administration, U.S. Department of Health and Human Services. Washington, D.C.: National Center for Appropriate Technology, 1989.

U.S. Department of Health and Human Services, Family Support Administration, Office of Energy Assistance. Low Income Home Energy Assistance Program Report to Congress for Fiscal Year 1988. Washington, D.C. U.S. Department of Health and Human Services, 1989.

Reviewed by: Janet Fox, Director, Office of Energy Assistance, Office of Community Services, Family Support Administration, (202) 252-5300.

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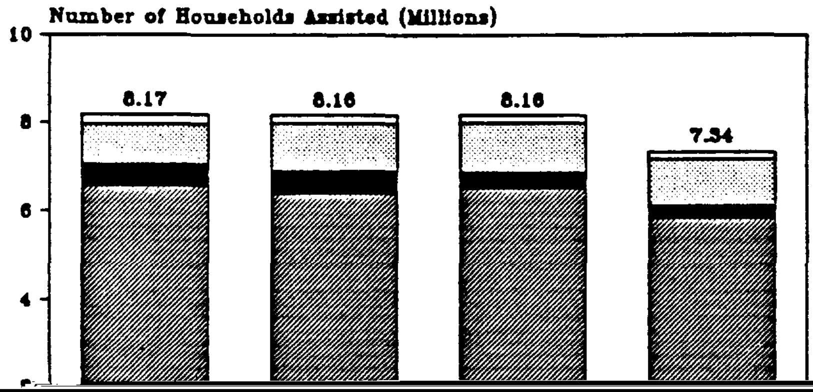
Low Income Home Energy Assistance Program (LIHEAP)

Number of Households Assisted and Total Annual Funds Obligated

FY 1985 - FY 1988



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MEDICAL AID

MEDICARE (PARTS A and B)

Purpose

To provide nationwide health insurance protection for the elderly and for certain disabled individuals

Authorization, Funding, and Administration

- 1965 amendment to the Social Security Act, Title XVIII
- Part A is 100 percent federally funded; 25 percent of funding for Part B comes from enrollee premiums; the balance is funded from general revenues.
- Administered by the Health Care Financing Administration, U.S. Department of Health and Human Services

Filing Unit

Individual

Categorical Eligibility

The program consists of two parts--hospital insurance (Part A) and supplementary medical insurance (Part B). Individuals age 65 or older who are eligible for Social Security or Railroad Retirement benefits, and Medicare-qualified government employees age 65 or older who would have been eligible if their government employment had been covered by Social Security, are eligible for coverage under Part A of the Medicare program, also known as Hospital Insurance. No monthly premium is required for this coverage. Those age 65 or over who are not eligible under these provisions may "buy in" or obtain coverage by paying the full actuarial cost of the coverage if they are U.S. residents and either U.S. citizens or certain long-term resident aliens. As of January 1, 1990, the monthly premium is $175.

Disabled individuals younger than age 65 who are receiving monthly Social Security or Railroad Retirement disability benefits will receive coverage under Medicare Part A after a waiting period of two years from the start of their disability benefits. Medicare-qualified government employees who are disabled for more than 29 months also receive coverage under Part A. Government employees are to file with the Social Security Administration within 18 months after their disability onset to ensure prompt Medicare coverage.

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Spouses age 65 or over and disabled children of persons receiving Social Security or Railroad Retirement disability benefits (and of Medicare-qualified government employees who have established their eligibility for Part A) are entitled to Medicare Part A. Beginning on July 1, 1990, disabled individuals younger than age 65 whose Social Security disability benefits and premium-free Part A entitlement end solely because they return to work may also "buy in" to Part A for as long as their disabling impairment lasts. Most individuals with end-stage renal disease who require kidney transplants or ongoing dialysis treatments are also eligible for Part A benefits.

Part B of Medicare, known as Supplementary Medical Insurance (SMI), is completely voluntary. All individuals who are eligible for coverage under Part A, and those age 65 or older who meet U.S. residence and citizenship or alien status requirements, may enroll in the program and pay a monthly premium. The premium as of January 1, 1990 is $28.60 a month. Individuals age 65 or older who buy in to Medicare Part A must enroll in the SMI program. Disabled individuals younger than age 65 who buy in to Medicare Part A may, but are not required to, enroll in the SMI program.

Asset Limit

Not applicable. See "Countable Types of Income."

Means Test

Not applicable. See "Countable Types of Income."

Countable Types of Income

If an individual is entitled to Medicare because he or she is entitled to Social Security benefits but, for example, does not receive Social Security benefits because he or she has exceeded the earnings limits, Medicare is still in full effect. Some individuals who are eligible to have the States pay their monthly premiums must meet the requirements of SSI or Medicaid to be eligible for assistance with their premiums, but that has no effect on their general eligibility for Medicare.

Benefit Formula

Medicare Part A provides coverage for inpatient hospital care, skilled nursing facility care, home health care, and hospice care. For hospital care, Medicare pays all reasonable expenses for the first 60 days, minus a deductible of $592 in each benefit period (during 1990). The deductible is intended to approximate the cost of one day in a hospital. For the next 30 days, a daily coinsurance amount of $148 (in 1990) is deducted. If the benefit period is longer than 90 days, a patient may draw on a 60-day lifetime reserve. Coinsurance payments of $296 (in 1990) must be paid by the patient for each reserve day of benefits used. Payments are provided for up to 100 days of posthospitalization care in a skilled nursing facility. After 20 days, a coinsurance payment of $74 (in 1990) per day must be paid by the patient. Benefits for home health care are provided only to house-bound individuals. An unlimited number of medically necessary visits by nurses, therapists, and other health workers is provided. Nursing care must be provided under the supervision of a registered nurse. Full-time nursing care is not covered. Hospice-care services are available for beneficiaries whose life expectancy is 6 months or less. Beginning on January 1, 1989, individuals who receive three pints of blood are subject to a single annual deductible equal to the cost of the blood. If the beneficiary has met the deductible under Part B or if the blood is replaced by the beneficiary or on behalf of the beneficiary, the Part A deductible is considered to be met. Similarly, Part A blood pints count toward meeting the Part B blood deductible.

Medicare pays 80 percent of the reasonable charges (or of the reasonable costs for institutional providers) for covered services that exceed an annual deductible of $75. Services covered under Medicare Part B include doctors' services (e.g., surgery, consultation, and institutional visits), other medical and health service (e.g., X-rays and laboratory and diagnostic tests), outpatient services, artificial devices, physical therapy, and home health services. The 20 percent coinsurance payment and the $75 annual deductible do not apply to most home health services. (The 20 percent coinsurance applies to durable medical equipment furnished as a Part A or Part B home health service.) As under Part A, Part B provides for an unlimited number of medically necessary home health visits. Home health service costs incurred by individuals not eligible for coverage under Part A are paid for under Part B if the individual has Part B coverage.

Supplementary medical insurance claims may be paid directly to an insured individual's doctor or supplier if the physician has accepted assignment for the claim. Assigned claims require that the doctor accept Medicare's reasonable charges as payment in full. Medicare pays the doctor its portion (80 percent) of the reasonable charge. The doctor is responsible for collecting only the coinsurance payment (20 percent), and any deductible amount from the patient. For nonassigned claims, the patient files the claim based on the doctor's itemized bill. Medicare pays benefits directly to the patient based on the reasonable charges for the provided services less the coinsurance payment and deductible. The patient is then responsible for the entire bill, including any charges that exceed the reasonable charges determined by Medicare. Assigned claims protect the patient against having to pay the difference between the reasonable charge and the physician's actual charge. In addition, the physician is responsible for the paperwork related to the claim. Beginning on September 1, 1990, physicians and suppliers must prepare and submit the claim form even if they do not take assignment. Physicians (and suppliers) may accept assignment on a bill-by-bill basis or enter into agreements to accept assignment in all cases.

Indexing

The deductibles under Part A are indexed on the basis of changes in the average cost per case and average cost per stay (Medicare hospital prospective payment rate).

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Characteristics of Recipients

In 1986, 91 percent of all hospital insurance enrollees and 91 percent of all supplementary medical insurance enrollees were elderly. Among elderly enrollees in either Part A or Part B, 60 percent were women. Among disabled enrollees, only 37 percent were women. Seventy-three percent of all enrollees received benefits in 1986.

Interactions with the Food Stamp Program

Eligibility

None

Program Overlap

No data are available.

Sequencing of Income

In-kind medical benefits are not included in food stamp countable income.

Interactions with Other Programs

Eligibility

Individuals eligible for OASI at age 65 or older, and those younger than age 65 who are eligible for DI for more than 24 months, are eligible for Medicare coverage. For those eligible for both Medicare and Medicaid, Medicare makes the primary payment for services, and Medicaid pays the deductible and copayment amounts. If the individual is also covered under an employer group health plan which is the primary payer of benefits, Medicare would be the secondary payer, and Medicaid would be the payer of last resort.

Sequencing of Income

Not applicable

Taxation of Benefits

In-kind medical benefits provided by the Medicare Program are nontaxable.

History of Recent Major Program Changes

The Omnibus Budget Reconciliation Acts (OBRA) of 1986 and 1987 mandated many changes to the Medicare program, which included establishing new hospital prospective payment rates and standards for the inclusion of rural areas in adjacent urban areas, instituting health maintenance organization reforms, and extending Part B coverage to include occupational therapy after Part A coverage has been exhausted. In addition:

- Government entities are required to be the primary payers for disabled employees who are Medicare beneficiaries.
- Disabled Medicare beneficiaries whose Social Security benefits were terminated, but who will regain disability coverage after a period of employment, may continue to receive Medicare benefits after waiting another two-year period.

In 1988, the Medicare Catastrophic Act was passed. This legislation would have altered the current program to include a third component, the catastrophic drug program. It also would have changed many of the current limitations on the duration of paid Medicare hospital stays and eliminated some of the coinsurance payments. However, in December 1989, the Act was virtually repealed. The only change that remains is the blood deductible (see Benefits).

Program Statistics

(See accompanying charts)

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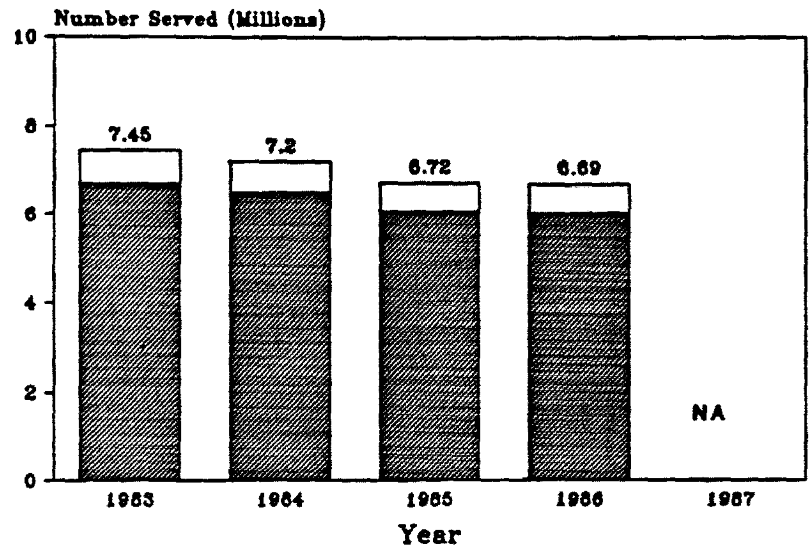
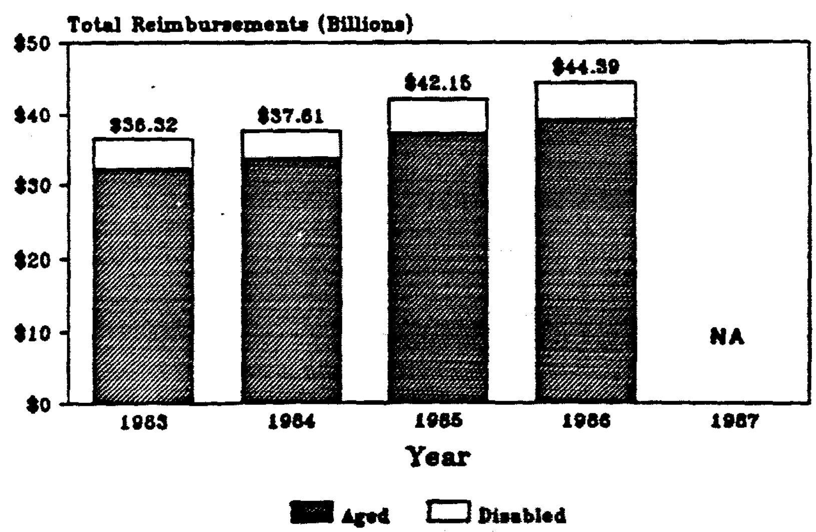
Medicare Part A

Number of Persons Served and Total Amount of Reimbursements

1983 - 1987





Source: Social Security Administration, Social Security Bulletin Annual Statistical Supplement, 1988. Aged data from Table 7B1, disabled data from Table 7B2.

NA - Not Available.

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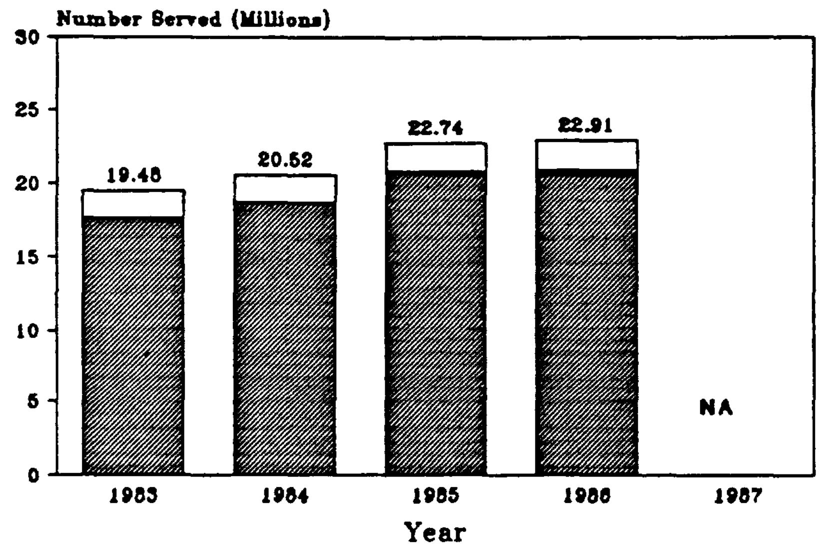
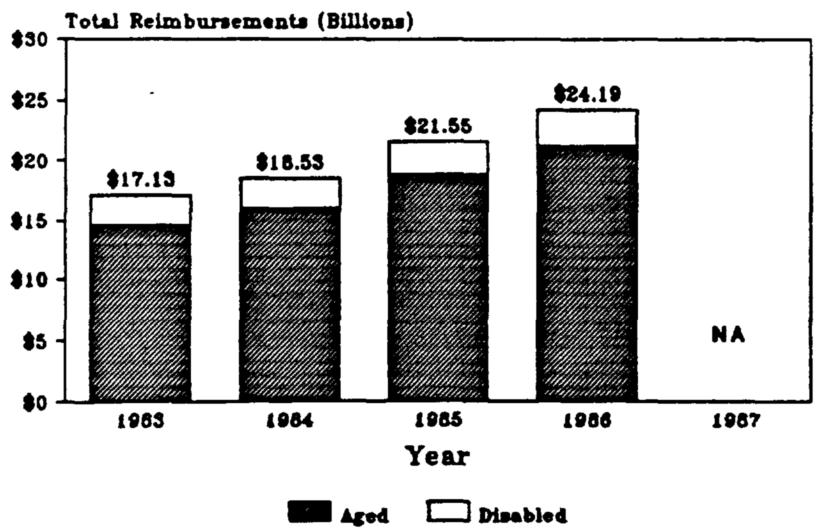
Medicare Part B

Number of Persons Served and Total Amount of Reimbursements

1983 - 1987





Source: Social Security Administration, Social Security Bulletin Annual Statistical Supplement, 1988.
Aged data from Table 7B1, disabled data from Table 7B2.

NA - Not Available.

MEDICAID

Purpose

To provide medical assistance to low-income individuals who are aged, blind, or disabled or are members of families with dependent children

Authorization, Funding, and Administration

- Social Security Act of 1935, Title XIX
- State and federally funded. The federal portion of funding for services, which is inversely related to a state's per-capita income, averaged 56 percent in FY 1988 for the United States as a whole. For outlying territories, federal funding pays for 50 percent of program costs, up to a maximum dollar limit. In most cases, the federal share of administrative costs is 50 percent, but it can be as high as 90 percent for certain items.
- Administered by the individual states and by the Health Care Financing Administration, U.S. Department of Health and Human Services

Filing Unit

Individual

Categorical Eligibility

Under Medicaid, there are two broad classes of eligibility: categorically needy and medically needy. Categorically needy individuals, generally defined as recipients of AFDC and federal SSI benefits, are automatically eligible for Medicaid benefits in most states. States (known as 209(b) states) may elect to limit their coverage of SSI recipients by requiring that they meet the more restrictive eligibility criteria that were in effect before SSI was implemented in 1972. In these states, the receipt of SSI benefits does not guarantee eligibility for Medicaid. However, in determining Medicaid eligibility, these states must allow SSI recipients to deduct medical expenses from income. Fourteen states apply more stringent eligibility criteria to SSI recipients.

States must extend coverage for 4 additional months to families that, after receiving benefits for at least 3 of the previous 6 months, have lost their AFDC eligibility, and thus their Medicaid eligibility, due to increased income from child or spousal support.

States must extend coverage for up to 12 months to families that lose AFDC solely because the caretaker received an increase in earnings, or because any family member lost the $30 and 1/3 or $30 earned income disregard. To continue eligibility for Medicaid, individuals must meet specified eligibility requirements. Medicaid services provided in the first 6 months of the extended period are the same as those provided to AFDC recipients. Fewer services may be offered during the second 6 months of the extended period.[3]

In addition to AFDC and SSI recipients, States are required to provide Medicaid coverage to certain groups of pregnant women, infants, and children and have the option of providing coverage to other groups. States must provide coverage to children who are younger than age 7 and were born after September 30, 1983 and to pregnant women who meet the AFDC income and resources requirements even if these individuals choose not to receive AFDC or do not meet the nonfinancial criteria of AFDC (e.g., a pregnant woman without a dependent child or a child in a two-parent family in which the principal earner is employed). States must also provide Medicaid coverage to pregnant women, infants, and children younger than age 6 whose family income is at or below 133 percent of the federal poverty level for a family of that size. States have the option of applying a resource test to these "poverty-related" groups.

States have the option of providing Medicaid coverage to pregnant women and infants whose family income exceeds 133 percent of the Federal poverty level but is at or below a percentage, chosen by the State, up to 185 percent. States may also provide coverage to children born after September 30, 1983 and younger than age 8 whose family income is up to 100 percent of the Federal poverty level. Finally, States may cover "Ribicoff Children" -- children younger than age 21 who do not fall into one of the other groups. The children must meet the AFDC income and resource requirements but not the definition of a dependent child. A State may choose to cover all such children up to a specified age or may cover selected categories of these children (e.g., children in intermediate-care facilities).

States are required to extend Medicaid coverage to additional groups of aged, blind, or disabled persons if such persons continue to meet the requisite criteria for SSI. For example, coverage must be extended to an individual who has become ineligible for SSI because he or she received a cost-of-living increase under Social Security. In addition, states may elect to provide coverage to additional groups of persons, including those eligible for but not receiving SSI (or a state supplement), those who would be eligible for SSI if they were not institutionalized, recipients of state-only supplementary cash payments, and certain institutionalized individuals whose incomes fall below a specified level.

States may also include the <u>medically needy</u> under their plans. These are persons who are not eligible under categorically needy groups solely because their income and/or, in some cases, their resources are too high. States that elect to include the medically needy must include children younger than age 18 and pregnant women who are not categorically needy, as well as others (e.g., aged, blind, and disabled persons). As of March 1990, 36 States have medically

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[3]The Commonwealth of Kentucky will not implement this provision until October 1, 1990. Until that time, it will provide different extended periods of Medicaid to families who lose AFDC for these reasons.

services; skilled nursing facility (SNF) services for those older than age 21; home health services for those entitled to SNF care; early and periodic screening, diagnosis, and treatment for those younger than age 21; family planning services and supplies; physicians' services; and nurse-midwife services. They may also provide additional medical services, such as drugs, intermediate care facility (ICF) services, eyeglasses, and inpatient psychiatric care for individuals younger than age 21 or older than age 65.[4] Within broad Federal guidelines, States are permitted to establish limitations on the amount of care provided under a service category, such as limiting the number of days of covered hospital care or the number of physicians' visits. In addition, States are required to provide prenatal, delivery, and postpartum services to all categorically needy pregnant women. (States may also elect to provide additional coverage for pregnancy-related services and services for conditions which may complicate the pregnancy, provided that the additional services are available to all pregnant women covered under the State's Medicaid plan.)

Federal law establishes the following requirements for the coverage of the medically needy: (a) if a state provides medically needy coverage to any group, it must provide ambulatory services to children, and prenatal, delivery, postpartum, and pregnancy-related services to pregnant women; (b) if a state provides institutional services to any medically needy group, it must also provide ambulatory services to this population group; and (c) if the state provides medically needy coverage to persons in ICFs for the mentally retarded, it must offer all groups covered by its medically needy program the same mix of institutional and noninstitutional services as required under previous law (that is, either all of the mandatory services or, alternatively, the care and services listed in the law defining covered services).

Federal law permits states to impose cost-sharing charges on all Medicaid beneficiaries for all services, with the following exceptions:

- States are barred from imposing such charges on children younger than age 18. States have the option of exempting children ages 18 to 21 from copayments.

- States are barred from imposing copayments on services related to pregnancy (including prenatal, delivery, and post-partum services). States may also exempt pregnant women from making copayments for any service provided to them.

- States are barred from imposing copayments on services provided to inpatients in SNFs and ICFs who are required to spend all their income for medical expenses, except for the amount exempted for personal needs.

- States may not impose copayments on family planning or emergency services.

[4]As of October 1, 1990, Medicaid will make no distinction between SNFs and ICFs; both types of facilities will be referred to as "nursing facility services."

- States are precluded from imposing copayments on categorically needy HMO enrollees. They may also exempt medically needy HMO enrollees from such charges.

All copayment charges must be "nominal" in amount, with one exception. The Secretary of Health and Human Services may waive the "nominal" requirements for non-emergency services provided in emergency rooms if (subject to the satisfaction of the Secretary) the state has established that alternative sources of nonemergency services are actually available and accessible. In such cases, the state may impose a charge of up to twice the amount defined as nominal.

Data for FY 1987 show that estimated average annual Medicaid payments per recipient were:

Aged	$4,948
Blind	3,629
Disabled	4,986
Children in AFDC families	541
Adults in AFDC families	996
For all groups	1,945

Indexing

Not applicable

Characteristics of Recipients

In FY 1986, 14.1 percent of all Medicaid recipients were blind or disabled. Blind or disabled recipients accounted for 36.4 percent of all Medicaid payments. Persons age 65 and older constituted 13.9 percent of Medicaid recipients and accounted for 36.8 percent of all Medicaid payments. Dependent children accounted for 44.5 percent of Medicaid recipients and 12.5 percent of Medicaid payments.[5]

According to data from the 1985 Survey of Income and Program Participation, 64 percent of all households with children who participated in Medicaid also participated in AFDC.

Interactions with the Food Stamp Program

Eligibility

None

[5]These categories are not mutually exclusive. An individual whose eligibility status changed during the year (for example, from an adult in an AFDC family to blind or disabled) is included in both categories.

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Program Overlap

According to August 1985 SIPP data, 63 percent of households with children that participated in Medicaid also participated in the Food Stamp Program.

Sequencing of Income

Medicaid benefits are not included in food stamp countable income.

Interactions with Other Programs

Eligibility

In general, participation in and the receipt of AFDC and SSI benefits automatically entitle an individual to Medicaid benefits. States are beginning to coordinate referrals for pregnant women between the Special Supplemental Food Program for Women, Infants, and Children (WIC) and Medicaid.

Sequencing of Income

As of March 1989, about 10 percent of Medicare enrollees also received Medicaid benefits. For those eligible for both programs, Medicare makes the primary payment for services, and Medicaid pays the deductible and copayment amounts. In most cases, services provided by Medicaid that are not provided by Medicare are provided to those who are eligible for both programs.

Earned income received through JTPA participation is disregarded for 6 months in almost all states.

Taxation of Benefits

Medicaid benefits are not included in taxable income.

History of Recent Major Program Changes

Under the Omnibus Budget Reconciliation Act of 1987 (P.L. 100-203):

- All children younger than age 7 who were born after September 30, 1983 and meet the state's AFDC income and resource requirements must be covered under the state's Medicaid program, regardless of whether they meet the definition of "dependent child" under AFDC.

- States may pay for services provided by clinics to eligible homeless individuals at locations outside the clinic.

- The treatment of SNFs and ICFs under Medicaid was revised; as of October 1, 1990, no distinction will be made between these types of facilities, and both will be called nursing facility services.

- States must take into account the financial circumstances of hospitals that serve a disproportionate share of low-income patients with special needs. Payment adjustment plans -- for increased rates of payment for services provided by these hospitals -- are to be phased in completely by FY 1990.The Medicare Catastrophic Coverage Act of 1988 (as amended by the Family Support Act of 1988) mandated that:

- State Medicaid programs cover certain pregnant women and children whose coverage was previously optional.

- States pay Medicare premiums, deductibles, and coinsurance for Medicare beneficiaries whose incomes are at or below the poverty line and whose nonexempt resources fall below twice the SSI level ($2,000 per individual, $3,000 per couple). (States can phase the income standard in over a four-to-five year period ending on January 1, 1993.)

- The spouses of eligible institutionalized individuals who live in the community be allowed to receive a sufficient amount of the institutionalized person's income to bring his or her income up to specified levels.

- If States pay for inpatient hospital services on a prospective basis, they adjust their payment amounts to disproportionate-share hospitals that provide medically necessary services to infants, to account for the exceptionally high costs or exceptionally long lengths of stay among this group.

Under the Family Support Act of 1988:

- Effective October 1, 1990, Medicaid coverage must be extended to two-parent families in which the principal earner is unemployed.

Under the Omnibus Budget Reconciliation Act of 1989 (P.L. 101-239):

- States must pay Medicare Part A premiums for Medicare beneficiaries who lose their premium-free Medicare Part A because they are engaging in Substantial Gainful Activity but (a) whose disabling impairment continues; (b) whose income does not exceed 200 percent of the poverty level; (c) whose nonexempt resources do not exceed twice the SSI level; and (d) who are not otherwise eligible for Medicaid.

- States must provide Medicaid coverage to pregnant women, infants, and children younger than age 6 whose family income is at or below 133 percent of the Federal poverty level.

- States must notify all Medicaid-eligible pregnant, postpartum, and breastfeeding women and children younger than age 5 of the availability of WIC benefits and refer such individuals to that program.

Program Statistics

(See accompanying charts)

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TABLE 1

ELIGIBILITY AND FINANCIAL CRITERIA FOR THE 50 STATES UNDER MEDICAID'S MEDICALLY NEEDY PROGRAM OPTION (1986)

	Presence of Medically Needy Program	Additional Classifications of Persons Under Age	Aged/ Blind/ Disabled	Caretaker Relatives	Spend-Down Time Period (Months)	Allowable Resources		Protected Income	
						Two Persons ($)	Four Persons ($)	Two Persons ($)	Four Persons ($)
Alabama	No	--	--	--	--	--	--	--	--
Alaska	No	--	--	--	--	--	--	--	--
Arizona[a]	No	--	--	--	--	--	--	--	--
Arkansas	Yes	21	Yes	Yes	3	2,550	2,750	217	300
California	Yes	21	Yes	Yes	1	2,550	2,850	634	934
Colorado	No	--	--	--	--	--	--	--	--
Connecticut	Yes	21	Yes	Yes	6	2,250	2,450	558[e]	800[e]
Delaware	No	--	--	--	--	--	--	--	--
District of Columbia	Yes	21	Yes	Yes	6	2,600	2,800	NA	NA
Florida[b]	No	--	--	--	--	--	--	--	--
Georgia	Yes	18	No	No	6	2,400	2,600	250	358
Hawaii	Yes	19	Yes	No	1	2,250	2,750	400	550
Idaho	No	--	--	--	--	--	--	--	--
Illinois	Yes	19	Yes	Yes	1	2,550	2,650	333	517
Indiana	No	--	--	--	--	--	--	--	--
Iowa	Yes	21	Yes	No	2	2,550	2,550	433	508
Kansas	Yes	21	Yes	Yes	6	2,550	2,550	442	460
Kentucky	Yes	19	Yes	Yes	3	2,250	2,250	217	317
Louisiana	Yes	18	Yes	Yes	3	2,550	2,600	192	317
Maine	Yes	21	Yes	Yes	6	2,550	2,650	391	658
Maryland	Yes	21	Yes	Yes	6	2,600	2,800	342	384
Massachusetts	Yes	21	Yes	Yes	6	3,000	3,200	483	509
Michigan	Yes	21	No	Yes	6	2,550	2,950	525	580
Minnesota	Yes	21	Yes	Yes	6	6,000	6,400	434	616
Mississippi	No	--	--	--	--	--	--	--	--
Missouri	No	--	--	--	--	---	--	--	--
Montana	Yes	21	Yes	Yes	3	2,550	2,750	383	426
Nebraska	Yes	21[c]	Yes	Yes	6[d]	2,400	2,450	375	525
Nevada	No	--	--	--	--	--	--	--	--
New Hampshire	Yes	19	Yes	Yes	6	4,000	4,200	441	475
New Jersey[b]	No	--	--	--	--	--	--	--	--
New Mexico	No	--	--	--	--	--	--	--	--
New York	Yes	21	Yes	Yes	6[d]	4,600	5,150	600	609
North Carolina	Yes	19	Yes	Yes	6	2,250	2,450	292	367
North Dakota	Yes	21	Yes	Yes	1	6,000	6,050	400	530
Ohio	No	--	--	--	--	--	--	--	--
Oklahoma	Yes	21	Yes	Yes	6[d]	2,550	2,750	325	517
Oregon	Yes	--	No	No	6	2,550	2,650	451	643
Pennsylvania	Yes	21	Yes	Yes	6	3,200	3,800	367	458

TABLE I (continued)

ELIGIBILITY AND FINANCIAL CRITERIA FOR THE 50 STATES UNDER MEDICAID'S MEDICALLY NEEDY PROGRAM OPTION (1986)

	Presence of Medically Needy Program	Additional Classifications of Persons Under Age	Aged/ Blind/ Disabled	Caretaker Relatives	Spend-Down Time Period (Months)	Allowable Resources		Protected Income	
						Two Persons ($)	Four Persons ($)	Two Persons ($)	Four Persons ($)
Rhode Island	Yes	19	Yes	Yes	6[d]	6,000	6,200	500	608
South Carolina[b]	Yes	18	No	No	1	2,550	2,750	NA	NA
South Dakota	No	--	--	--	--	--	--	--	--
Tennessee	Yes	21	No	No	3	2,550	2,750	158	250
Texas	Yes	18	No	Yes	6	1,000	1,000	211	301
Utah	Yes	18	Yes	Yes	1	2,550	2,600	401	585
Vermont	Yes	21	Yes	Yes	6	2,550	2,850	606	623
Virginia	Yes	21[c]	Yes	No	6	2,550	2,750	900	1,100
Washington	Yes	21	Yes	Yes	6[d]	2,550	2,650	NA	NA
West Virginia	Yes	18	Yes	Yes	6	2,550	2,650	225	275
Wisconsin	Yes	21[c]	Yes	No	6	2,550	3,150	625	764
Wyoming	No	--	--	--	--	--	--	--	--

SOURCE: U.S. Department of Health and Human Services, Health Care Financing Administration (HCFA), Office of the Actuary. Analysis of State Medicaid Program Characteristics, 1986. Washington, D.C.: U.S. Government Printing Office, 1987.

NOTES: a. Arizona does not operate a traditional Medicaid program. Instead, it has operated a demonstration project since October 1, 1982, under which certain services are provided to the indigent, primarily on a prepaid basis.

b. As of October 1, 1987, Florida and New Jersey did provide medically needy coverage, and South Carolina did not provide medically needy coverage.

c. 21 for some classifications, 18 or 19 for others.

d. There are exceptions to this time period.

e. Protected income levels vary among Connecticut's three state regions. The highest levels are shown here.

NA Information unavailable

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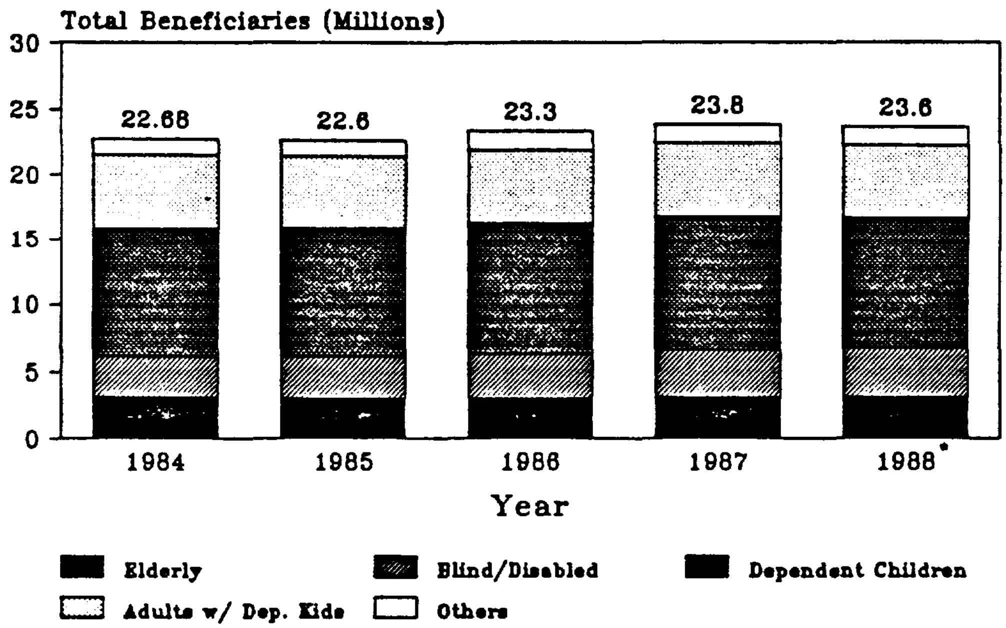
Medicaid

Number of Beneficiaries by Basis of Eligibility

FY 1984 - FY 1988



Source: Congressional Research Service, Medicaid Source Book: Background Data and Analysis, 1988. 1987 and 1988 data were obtained from the Congressional Research Service.

Note: Totals are overestimated since subgroups are not mutually exclusive. The actual total number of beneficiaries were: 21.6 million in FY 1984; 21.8 million in FY 1985; 22.5 million in FY 1986; 23.1 million in FY 1987; and 22.9 million in FY 1988.

* Preliminary Data.

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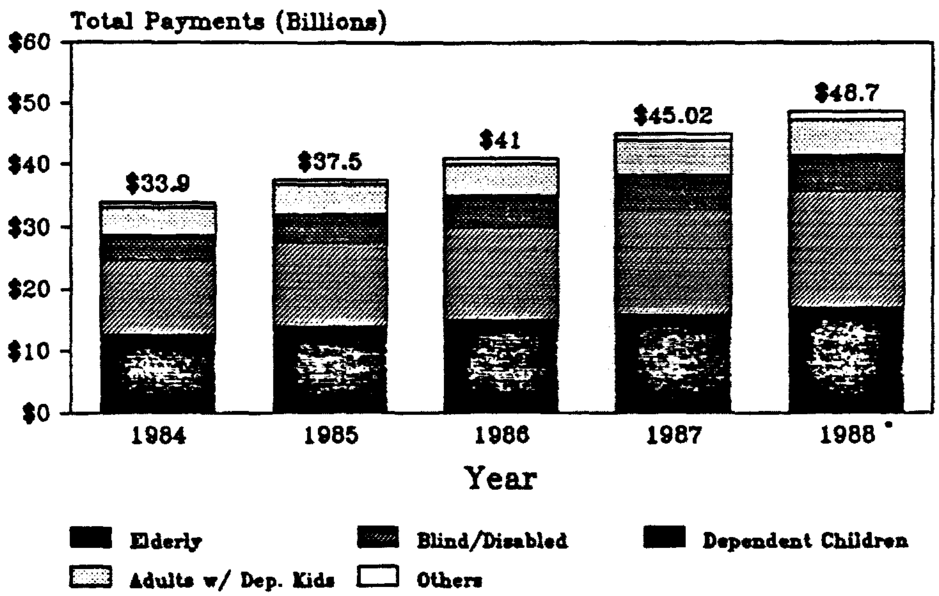
Medicaid

Total Annual Payments by Basis of Eligibility

FY 1984 - FY 1988



Source: Congressional Research Servece, Medicaid Source Book: Background Data and Analysis, 1988. 1987 and 1988 data were obtained from the Congressional Research Service.

* Preliminary Data

MEDICAL CARE FOR VETERANS WITHOUT SERVICE-CONNECTED DISABILITIES

Purpose

To provide nonambulatory care for veterans

Authorization, Funding, and Administration

- World War Veterans Act of 1930 (P.L. 522-71)
- 100 percent federally funded
- Administered by the Department of Veterans Affairs

Filing Unit

Individual

Categorical Eligibility

Veterans with other than dishonorable discharges are eligible for benefits. Veterans with service-connected disabilities and veterans of special status (e.g., former prisoners of war) have admission priority over other veterans. Dependents and survivors of eligible veterans are not eligible.

Asset Limit

A "reasonable" amount of assets exclusive of home and personal property

Means Test

There are three categories of eligibility based on the following income limits:

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Income Eligibility Categories, CY 1989

Family Size	A	B	C
Veteran without dependents	$0-$16,466	$16,467-$21,954	$21,954+
Veteran with one dependent	$0-$19,759	$19,760-$27,440	$27,440+
Increase for each additional dependent	+$1,098	+$1,098	+$1,098

Veterans without service-connected disabilities who receive veteran pensions, for which an income test is imposed, or who are eligible for Medicaid (and have thus passed an income test) are also eligible for benefits under Category A.

The benefits provided under Categories A-C are described below under Benefits.

Types of Income

Cash income of a veteran and his or her family is considered countable income.

Exclusions

The current earnings of a child that are below the child's income tax threshold, postsecondary education expenses, cash welfare aid, proceeds from the sale of nonbusiness property, compensation received from the Domestic Volunteer Service Act Program, and amounts of family income equal to unreimbursed medical expenses that exceed 5 percent of the basic annual benefit are excluded from countable income.

Deductions

Expenses for the last illness and the burial of the veteran or dependent are deducted from countable income.

Benefit Formula

Benefits are generally limited to inpatient care. In addition to hospital care, benefits include prescribed medications, medical or prosthetic devices, dental treatment under certain conditions, nursing-home care, and domiciliary care. Outpatient care is usually provided only as a follow-up to inpatient care.

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Veterans in Category A receive free care and the provision of hospital care is guaranteed. Other services are provided on a space-available basis, with veterans in Category A having admission priority over veterans in Categories B or C.

Veterans in Category B also receive free care; however, all care is subject to the availability of resources. Veterans in Category B have admission priority over veterans in Category C.

Veterans in Category C must pay a deductible for inpatient services that is equivalent to the Medicare deductible; in 1988, the deductible was $540. The deductible covers 90 days of inpatient care over the course of a year-long period. If a patient has more than 90 days of inpatient hospital care, he or she must pay a deductible equal to one-half of the original deductible for each additional 90 days of inpatient care. The patient must pay the Medicare deductible for each 90-day period spent in a nursing home.

Outpatient care for veterans in Category C is provided at 20 percent of the average cost of an outpatient visit to a VA facility during the fiscal year in which the treatment is furnished. However, the amount of deductibles paid for outpatient visits in a 90-day period of any 365-day period cannot exceed the amount of the Medicare inpatient deductible in effect at the beginning of the 365-day period.

The maximum payment for combined inpatient hospital or nursing home and outpatient care in any 90-day calendar period cannot exceed the Medicare inpatient deductible ($540 in 1988).

Indexing

The income limits for Categories A-C are adjusted every January for increases in the Consumer Price Index (CPI) during the preceding year. The inpatient care deductible increases with the deductible for Medicare.

Recipient Characteristics

In FY 1988, 51 percent of the veterans applying for VA medical care were eligible for benefits under Category A because (a) their incomes fell below the specified level for that category, (b) they were eligible for Medicaid, or (c) they were receiving need-based veterans' pensions. Three percent of the applicants did not have service-connected disabilities, but had incomes that fell in the range of the Category B income specifications.

Interactions with the Food Stamp Program

<u>Eligibility</u>

None

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Program Overlap

No data are available.

Sequencing of Income

In-kind medical benefits are not included in food stamp countable income.

Interactions with Other Programs

Eligibility

Veterans receiving need-based veterans' pensions or who are eligible for Medicaid qualify for benefits under Category A.

Sequencing of Income

Not applicable

Taxation of Benefits

In-kind medical benefits provided by this program are nontaxable.

History of Recent Major Program Changes

In 1987, $5 million was appropriated to the VA (P.L. 100-6) as funding to establish a program for homeless, chronically mentally ill veterans through September 30, 1988. The Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (P.L. 100-628) appropriated additional funds for this program for FY 1989 and FY 1990.

Program Statistics

Total VA medical-care expenditures, including those for veterans with service-connected disabilities, were approximately $9.5 billion in FY 1987 and $10.8 billion in FY 1988. The Congressional Research Service (1989) estimates that, based on the proportion of applications made by veterans whose eligibility depended on an income test, about $5.9 billion of 1988 VA medical-care expenditures were for veterans without service-connected disabilities who had relatively low incomes.

References

Congressional Research Service. Cash and Noncash Benefits for Persons With Limited Income:

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Eligibility Rules, Recipient and Expenditure Data, FY 1986-88. Washington, D.C.: Congressional Research Service, 1989.

38 C.F.R. Sections 17.47 and 17.48, 1988.

Department of Veterans Affairs. Annual Report 1988. Washington, D.C.: Department of Veterans Affairs, 1989.

Reviewed by: Mike Wells. Statistician, Demographics Division, Management Sciences Service, Department of Veterans Affairs (202) 233-6815.

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FOOD AID

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FOOD STAMP PROGRAM

Purpose

To provide monthly benefits to help low-income families and individuals purchase a nutritionally adequate diet.

Authorization, Funding, and Administration

- Food Stamp Act of 1977, as amended.
- Benefits are 100 percent federally funded; administrative costs are generally shared equally between States and the Federal government (certain antifraud and ADP developmental costs are 75 percent federally funded).
- Administered by State and local agencies in all 50 States, the District of Columbia, Guam and the Virgin Islands.

Filing Unit

Individuals or groups of individuals that live, purchase food, and prepare meals together.

Categorical Eligibility

In general, any individual or group of individuals that meets income and asset tests is eligible for the program without categorical restrictions. College students are eligible only if they are supporting dependents under the age of six, receiving Aid to Families with Dependent Children (AFDC), elderly or disabled, or working at least 20 hours per week (or working under a Federal work-study program). Persons who are on strike because of a labor dispute are eligible only if they were eligible prior to the strike. Supplemental Security Income (SSI) recipients in two States (California and Wisconsin) are ineligible because the SSI grants in those States include an amount for the food stamp benefit.

Households composed entirely of recipients of AFDC or SSI are automatically financially eligible for food stamps.

Asset Limit

Federal statute sets a maximum countable asset limit of $2,000 for most households. Households with at least one member age 60 or older may have up to $3,000 in countable assets.

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Exclusions

Excludable assets are: the household's home and surrounding property; household goods, personal effects (including one burial plot per household member), and the cash value of life insurance policies; property or work related equipment that produces income or is essential to the employment of household members; government disaster payments designated for the restoration of a home; resources that are not accessible to the household (such as irrevocable trust funds or security deposits), and certain other resources expressly excluded by Federal statute.

Deductions

The following deductions are subtracted from a household's gross income to determine net income:

1. A standard deduction (shown in Table 1) which is indexed for inflation.

2. An earned income deduction equal to 20 percent of the combined earnings of household members.

3. A dependent care deduction for expenses incurred (up to $160 a month) to care for children or other dependents while household members work or seek employment.

4. A medical deduction for households with elderly or disabled members equal to monthly medical expenses above $35.

5. An excess shelter deduction for those shelter costs (such as rent, mortgage payments, utility bills, property taxes, and insurance) that exceed 50 percent of the household's income remaining after all other deductions are taken. For households without elderly or disabled members, a ceiling is placed on the excess shelter deduction (shown in Table 1). This ceiling is indexed for the effect of inflation on shelter costs. Households with elderly or disabled members are entitled to deduct the full value of excess shelter costs.

Benefit Formula

Assistance is provided in the form of coupons that can be redeemed for food in authorized food stores, increasing the purchasing power of low-income households.

Food stamp allotments are based on the cost of the Thrifty Food Plan (TFP), a low-cost, nutritionally adequate model food plan which is adjusted each June to reflect changes in food cost levels. Maximum food stamp allotments (the amount paid to households with no net income) are derived from the cost of the TFP for a family of four consisting of a couple age 20 to 50 years, a child age 6 to 8 years, and a child age 9 to 11 years. To obtain the maximum food stamp allotments for each household size, the TFP costs for the four-person household are divided by four, multiplied by the appropriate household size and the economy of scale factor and then rounded down to the nearest dollar. These amounts are also increased by a certain percentage set forth in law (.65 percent in FY 1989, 2.05 percent in FY 1990 and 3 percent in FY 1991 and thereafter). The maximum food stamp allotments for October 1990 through September 1991 are shown in Table 2.

The food stamp benefit amount each household receives is determined by subtracting 30 percent of the household's net income from the maximum allotment for a household of that size. All one- and two-person households that are eligible on the basis of income and assets are guaranteed a minimum benefit of $10 per month. Benefits are prorated to the date of application in the first month of participation.

Indexing

Gross and net income limits are based on the Federal poverty income guidelines which are updated annually to reflect inflation measured by the Consumer Price Index (CPI). Revised income limits are issued for each fiscal year (see Table 3 for FY 1991 levels).

Maximum food stamp allotments are linked to the cost of the Thrifty Food Plan for a family of four in June of each year. Revised maximum allotments are issued annually, effective October 1.

The standard deduction is indexed by the change in the Consumer Price Index for All Urban Consumers (CPI-U) for all items other than food and the homeowners' cost, maintenance and repair component of shelter costs. The standard deduction is updated on October 1 based on the change for the year ending on June 30.

The maximum shelter deduction for households with no elderly or disabled members is indexed by the change in the shelter (exclusive of the homeowners' cost, maintenance and repair component of shelter costs), fuel, and utilities components of the Consumer Price Index for All Urban Consumers (CPI-U). The maximum shelter deduction is updated on October 1 based on the change for the year ending on June 30.

Characteristics of Recipients

In the winter of 1988, about half of all food stamp participants were children. Slightly more than 60 percent of all households had at least one child; 20 percent had at least one elderly member.

About 20 percent of all food stamp households had earned income in the winter of 1988. About 7 percent had zero gross income. About 19 percent had zero net income (after subtracting allowable deductions) and received the maximum food stamp benefit.

Interactions with the Food Stamp Program

Not applicable

Interactions with Other Programs

Eligibility

Households in which all members receive AFDC or SSI or both are categorically eligible for the Food Stamp Program.

Program Overlap

In the winter of 1988, 39 percent of all food stamp households received AFDC, 21 percent received Supplemental Security Income and 21 percent received Social Security and Railroad Retirement.

Sequencing of Income

Food stamp benefits are not counted as income for other programs.

Taxation of Benefits

Food stamp benefits are not included in taxable income.

History of Recent Major Program Changes

The Higher Education Amendments of 1986 (P.L. 99-498), added to the exclusion of tuition and mandatory fees the portions of education assistance provided under Title IV of the Higher Education Act that are used for education expenses such as books, supplies and transportation.

The Continuing Resolution of 1986 (P.L. 99-500), capped the dependent care deduction for households with elderly/disabled members at $160, the same limit applied to other households.

The Omnibus Drug Enforcement, Education, and Control Act (P.L. 99-570), included the homeless in the definition of "household" and addressed other provisions pertaining to the homeless (e.g. voluntary use of food stamps in soup kitchens/shelters).

The Immigration Reform and Control Act of 1986 (P.L. 99-603), made certain illegal aliens temporary residents who could eventually become permanent residents/citizens and qualify for food stamps.

The Disaster Assistance Act of 1988 (P.L. 100-387), excluded vendored emergency assistance for migrants or seasonal farm workers and exempted them from proration of benefits for breaks in certification of 30 days or less.

The Stewart B. McKinney Homeless Assistance Act (P.L. 100-77):

- Defined homeless individual;
- Allows separate household status for parents of minor children who live with siblings or parents (grandparents of children) if they purchase and prepare food separately;
- Expanded the categories of households eligible for expedited service to eligible homeless individuals and households whose combined gross

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income plus liquid resources are less than their monthly rent/mortgage and utility payments;

- Moved the annual adjustment in the income eligibility guidelines to October 1 of each year from July 1, beginning 1988;

- Denied the earned income deduction for earnings that households willfully or fraudulently fail to report; and

- Increased the cap on the shelter deduction ($164) for households certified after October 1, 1987.

The Hunger Prevention Act of 1988 (P.L. 100-435):

- Raised maximum allotments to 100.65 percent of TFP for FY 1989, 102.05 percent for FY 1990, and 103 percent for FY 1991 and thereafter;

- Made categorical eligibility for pure SSI and AFDC food stamp households a permanent provision;

- Required combined payments for the initial and second month if eligible households applied in second half of the month;

- Expanded definition of disabled to recipients of interim assistance pending receipt of SSI and other disability-related programs;

- Excluded advanced EITC payments as income;

- Revised the quality control sanction and incentive system; and

- Permitted States to use Federal cost-sharing to fund certain informational activities.

Program Statistics

(See accompanying charts)

References

7 C.F.R. Part 271 et seq., 1989.

U.S. Department of Agriculture, Food and Nutrition Service. Characteristics of Food Stamp Households, Winter 1988. Alexandria, Virginia: U.S. Department of Agriculture, Food and Nutrition Service, 1990.

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TABLE 1

FOOD STAMP PROGRAM DEDUCTIONS
OCTOBER 1990 - SEPTEMBER 1991

AREA	STANDARD DEDUCTIONS
48 States and DC	$ 116
Alaska	199
Hawaii	165
Guam	233
Virgin Islands	103

AREA	SHELTER DEDUCTIONS
48 States and DC	$ 186
Alaska	323
Hawaii	265
Guam	225
Virgin Islands	137

TABLE 2

MAXIMUM MONTHLY FOOD STAMP ALLOTMENTS
(OCTOBER 1990 THROUGH SEPTEMBER 1991)

Household Size	48 States and D.C.	Alaska (urban)[1]	Hawaii	Virgin Islands	Guam
1 person	$105	$137	$172	$135	$155
2 persons	193	252	316	249	285
3 persons	277	361	452	356	409
4 persons	352	459	574	453	519
5 persons	418	545	682	538	616
6 persons	502	655	819	645	740
7 persons	555	723	905	713	818
8 persons	634	827	1,034	815	935
Each additional person	+79	+103	+129	+102	+177

[1]Maximum allotment levels in rural Alaska are 27 to 55 percent higher than the urban Alaska allotments noted here.

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TABLE 3

FOOD STAMP PROGRAM

Net Monthly Income Eligibility Standards
(100 Percent of Poverty Level)

Household Size	48[1] States	Alaska	Hawaii
1	$ 524	$ 654	$ 603
2	702	877	808
3	880	1,100	1,013
4	1,059	1,324	1,218
5	1,237	1,547	1,423
6	1,415	1,770	1,628
7	1,594	1,994	1,833
8	1,772	2,217	2,038
Each Additional Member	+179	+224	+205

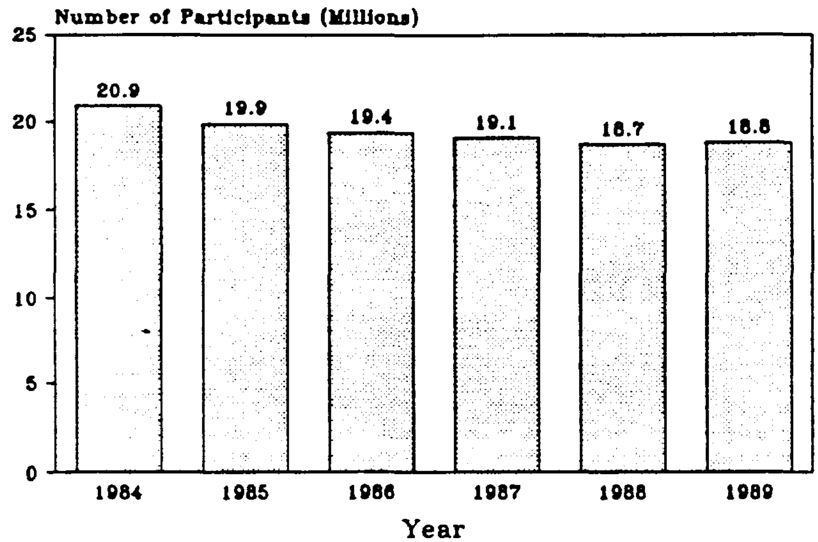
Household Size	48[1] States	Alaska	Hawaii
1	$ 681	$ 850	$ 784
2	913	1,140	1,050
3	1,144	1,430	1,317
4	1,376	1,721	1,583
5	1,608	2,011	1,850
6	1,840	2,301	2,116
7	2,072	2,592	2,383
8	2,304	2,882	2,649
Each Additional Member	+232	+291	+267

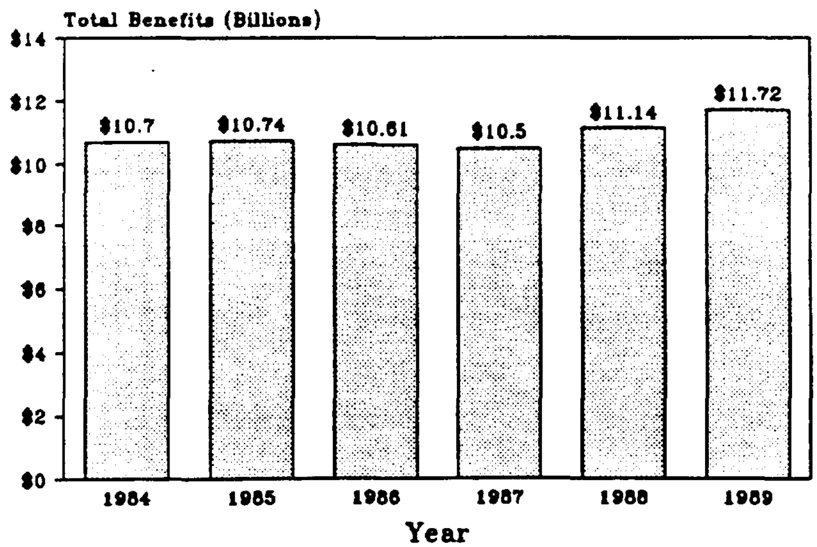
[1]Includes the District of Columbia, Guam, and the Virgin Islands.

Food Stamp Program

Average Monthly Number of Participants and Total Benefits

(Excluding Puerto Rico)
1984 - 1989





Source: U.S. Department of Agriculture, Food and Nutrition Service.

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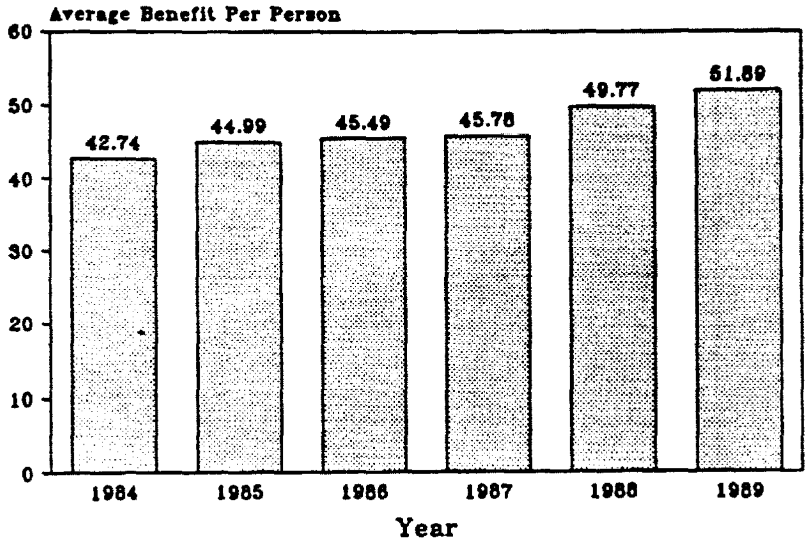
Food Stamp Program

Average Benefit Per Person
(Excluding Puerto Rico)
1984 - 1989



Source: U.S. Department of Agriculture,
Food and Nutrition Service.

NUTRITION ASSISTANCE PROGRAM (NAP) FOR PUERTO RICO

Purpose

To provide benefits to help low-income families and individuals purchase a nutritionally adequate diet.

Authorizations, Funding, and Administration

- Food Stamp Act of 1977. Omnibus Reconciliation Act of 1981 amended the Act by replacing the Food Stamp Program in Puerto Rico with a block grant, effective July 1982.
- The Federal government provides a set amount ($936.75 million in Fiscal Year 1990) which is to fund program benefits (at 100 percent), administrative costs (at 50 percent), and certain Federally approved agricultural special projects.
- Administered by the Commonwealth of Puerto Rico; the USDA reviews the annual plan. It should be noted that the Commonwealth of Puerto Rico has wide discretion in setting eligibility requirements. These requirements are submitted to USDA for approval as part of the Commonwealth's annual plan of operation.

Filing Unit

Individuals or groups of individuals that live together.

Categorical Eligibility

In general, any individual or group of individuals that meets the income and asset tests is eligible for the program without categorical restrictions.

Asset Limit

The maximum countable asset limit is set at $1,000 for most households. Households containing a member who is elderly (aged 60 or older) or disabled may have assets totaling $3,000.

Exclusions

One registered vehicle per household is exempt, regardless of its use and value. A second registered vehicle is exempt up to $4,000 of its fair market value. Also, any vehicle used as a means for producing income or used as living quarters is also exempt.

Treatment of other resources is similar to Food Stamp Program provisions.

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Means Test

Income eligibility criteria includes a monthly gross income test for all household units and a monthly net income test for households that include elderly or disabled members.

The maximum allowable gross income limit is $8,000 for a household of four and proportionally adjusted amounts for other household sizes.

Countable Types of Income

The Nutrition Assistance Program counts earned and unearned cash income.

Exclusions

Similar to Food Stamp Program provisions.

Deductions

In determining a household's net monthly income, the following are deducted from gross monthly income:

1. A standard deduction of $40.

2. Expenses for dependent care up to a maximum of $100 for each household.

3. A deduction of $100 for each elderly or disabled member of a household and an additional standard medical deduction of $100 if there is evidence of recurrent medical expenses.

4. An earned income deduction equal to 40 percent of monthly earned income of $100 or more, up to a maximum earned income of $300.

5. A $100 deduction for households which only receive unearned income such as Social Security or pensions.

6. A $100 deduction for each student attending any post-secondary school.

Benefit Formula

Maximum benefit levels under NAP are adjusted upward or downward monthly based on the availability of funds. The basic benefit structure is based on the value of the Thrifty Food Plan (TFP) in effect Fiscal Year 1982, the year the Commonwealth of Puerto Rico replaced the Food Stamp Program with NAP. The maximum authorized benefit level (the amount households with no net income are eligible to receive) is 90 percent of the 1982 TFP. For a family of four, the maximum authorized benefit is $199.

The monthly pro rata adjustment to the authorized benefits is calculated by establishing a ratio between the amount of funds available for distribution as benefits and the amount of authorized benefits for the caseload. Actual benefits provided to recipient households are adjusted by this ratio.

For the period October 1989 through April 1990, the average benefit per recipient was $49.42.

Variable monthly benefits are issued on a staggered basis twice a month (except for small benefit amounts which are issued only once during the month) and distributed by mail. Assistance is in the form of a check which can be cashed at banks and other commercial outlets.

Indexing

Because Congress originally set the block grant amount at $825 million per year, Puerto Rico chose not to index income limits, benefit amounts or deductions. However, the Food Security Act of 1985 authorized annual increases in the block grant amount beginning in Fiscal Year 1987 to $852.75 million and continuing through Fiscal Year 1990 to $936.75 million. As a result of these block grant increases, the ratio used to adjust benefits has generally risen. Hence, benefit amounts have generally increased since 1986.

Characteristics of Recipients

In May 1990, around 45 percent of the 3.3 million Commonwealth residents received Nutrition Assistance Program benefits. Nearly 1.5 million individuals living in almost 500,000 households received assistance. The average recipient household contains just over three persons.

Interactions with the Food Stamp Program

Before the Nutrition Assistance Program was established in July 1982, low-income Puerto Ricans were served by the Food Stamp Program. Since the Nutrition Assistance Program replaced the Food Stamp Program in July 1982, food stamp benefits are no longer available in Puerto Rico.

Interactions with Other Programs

Cash income from other public assistance programs is considered countable income for the Nutrition Assistance Program. Major public assistance programs available in Puerto Rico include:

- Aid to Families with Dependent Children (AFDC), which is subject to a cap on Federal funding. The Federal government pays 75 percent of Puerto Rico's AFDC benefits.

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-- Assistance programs for the aged, blind, or disabled (AABD) under Title XVI of the Social Security Act. These programs operate in lieu of the Supplemental Security Income Program.

History of Recent Major Program Changes

The Food Security Act of 1985 authorized block grant increases from the original cap of $825 million beginning in Fiscal Year 1987. The cap for Fiscal Year 1990 was set at $936.75 million.

Program Statistics

No additional information.

References

7 C.F.R. part 285

Commonwealth of Puerto Rico Department of Social Services. State Plan of Operation for the Administration of the Nutrition Assistance Program of the Commonwealth of Puerto Rico, Fiscal Year 1989-90.

U.S. Department of Agriculture, Food and Nutrition Service. Evaluation of the Puerto Rico Nutrition Assistance Program. Alexandria, Virginia: U.S. Department of Agriculture, Food and Nutrition Service, 1983

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NATIONAL SCHOOL LUNCH PROGRAM (NSLP)

Purpose

To safeguard the health and well-being of the Nation's children, encourage the domestic consumption of nutritious agricultural commodities, and assist States through grants-in-aid and other means to provide an adequate supply of foods and other facilities for the establishment and maintenance of non-profit school lunch programs.

Authorization, Funding, and Administration

- Permanently authorized in 1946 through the National School Lunch Act (P.L. 79-396).

- Federal funds are provided; States are required to match a portion of Federally provided funds.

  -- The State revenue matching requirement provides that States match and pass through to local agencies 30 percent of School Year 1980-1981 Federal dollars received as general assistance that is the base cash subsidy for every school lunch served, (i.e., Section 4 funding).

  -- To receive State Administrative Expense funds (provided separately from program funds) States must supply at least the same dollar level they provided in Fiscal Year 1977 for State administration of the Child Nutrition Programs under the Maintenance of Effort Requirement.

- Administered jointly by State agencies and local School Food Authorities. In States that cannot or will not administer the program in private schools, the program is directly administered by the Food and Nutrition Service through its regional offices.

Filing Unit

School Food Authorities, which are the governing bodies responsible for the administration of one or more schools.

Categorical Eligibility

A school is eligible to participate if it:

- Operates under public or nonprofit private ownership; and

- Is an educational unit of high school grade or under, recognized as part of the education system in the State. (Pre-primary grades are included when they are

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conducted in a school with primary grades or higher, or when they are recognized as part of the educational system in the State); or

- Is a residential child care institution (RCCI) which operates principally for the care of children and, if private, is licensed by the State to provide residential child care services.

Children are eligible to participate in the National School Lunch Program if they attend a participating school and, in RCCIs, if they are under 21 years of age. They may receive free or reduced price meals if the household completes an application and the household is determined eligible. School officials may also determine a child as eligible for free meals based on documentation obtained directly from the State or local food stamp/AFDC office that the child is from a household receiving food stamps or an assistance unit receiving AFDC benefits (P.L. 101-147).

Asset Limit

Not Applicable

Means Test

Families of participating children must indicate their income if their children are to be eligible for free meals (their income is at or below 130 percent of poverty, which is $16,510 for a family of four effective July 1990) or reduced price meals (their income is between 130 and 185 percent of poverty, which is $23,495 for a family of four effective July, 1990). Households which provide a current Food Stamp or AFDC case number on the application are categorically eligible for free meals. The full price or paid category is for those children from households with income above 185 percent the Federal poverty guidelines.

Each program application is required to indicate that it may be among those chosen to provide documentation to prove the information supplied is correct. Each School Food Authority is required to verify at a minimum the lesser of three percent or 3,000 of the approved free or reduced price applications on file as of October 31. A family's failure to respond to a request for verification results in a loss of benefits. Schools may also use a focused sampling method to select applications. In this case, fewer applications are required to be verified and verification efforts are focused on those applications within $100 of the reduced price eligibility limit.

Countable Types of Income

Countable income includes all money received on a recurring basis, before deductions. The following are counted as household income: salary, wages or commissions from employment; earnings from self-employment, including farming; welfare payments; payments from social security pensions, retirement or annuities; child support and spousal support payments; other cash income including cash amounts received or withdrawn from any source, including savings, [illegible]

Benefit Formula

Per-meal cash reimbursement rates are established for lunches served. Entitlement commodities are also provided at a per-meal value. Bonus commodities are provided if surplus amounts of specific foods are available to the U.S. Department of Agriculture.

The cash reimbursements rates derive from two sources. Section 4 funds under the National School Lunch Act provide a basic subsidy for each lunch served. Section 11 funds provide an extra subsidy for lunches served to children eligible for free meals (at no cost to the students) or reduced price meals (at a cost of no more than 40 cents to students). An additional 2 cents per lunch is added to the Section 4 basic assistance reimbursement level to School Food Authorities in which 60 percent or more of the lunches served in the second preceding year were served at free or reduced price reimbursement levels.

Entitlement commodity assistance is provided in the form of actual commodity items to be used in preparing lunches. Under Section 6 of the National School Lunch Act a specific per-meal value of commodities is required to be provided.

Under bonus commodity assistance, the Secretary of Agriculture donates certain types of surplus or price-support commodities which are not counted against the State's entitlement allocation. The amount of bonus commodities varies from year to year, as do the specific types of commodities that are provided. Until recently, there has been a predominance of dairy products.

To qualify for Federal reimbursement, schools must serve lunches which meet meal pattern requirements specified by the Secretary of Agriculture. The lunch pattern is designed to provide, over a period of time, approximately one-third of a student's Recommended Dietary Allowance (RDA) for key nutrients. The lunch must be planned to offer each student five items: a meat or meat alternative, two or more vegetables and/or fruits, a bread or bread alternative, and fluid milk. Student meals in all senior high schools, and other schools with local school board approval, may contain only three of the five items offered and still be claimed for reimbursement as a complete meal under the "offer versus serve" provision.

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Total NSLP Entitlement[6]
School Year 1990-1991

Per Meal NSLP Subsidies (in cents)		Subsidies Per Meal (in cents)	
Section 4 Cash (all meals)	15.50[7]	Paid meals (above 185% of poverty)	29.50
Section 11 (Free Meals)	145.25	Free meals (below 130% of poverty)	174.75
Section 11 Cash (Reduced Price Meals)	105.25	Reduced Price meals (between 130% & 185% of poverty)	134.75
Entitlement Commodities (all meals)	14.00		

Indexing

The reimbursement rates are annually adjusted in July to reflect increases in the Consumer Price Index for Food Away from Home for All Urban Consumers. The income eligibility guidelines for determining household eligibility for free and reduced price meals are annually adjusted in July based on the Federal income poverty guidelines.

Characteristics of Recipients

The average daily participation for Fiscal Year 1989 was 24.1 million children. Forty percent of the children came from families with incomes below 130 percent of poverty; nearly 7 percent came from families with incomes between 130 and 185 percent of poverty; and nearly 53 percent came from families with incomes above 185 percent of poverty.

[6] Does not include bonus commodities.

[7] 2 cents more if 60 percent or more of the meals served in the second preceding school year are free or reduced price.

Interactions with the Food Stamp Program

Eligibility

When filing an application, a household may provide a food stamp/AFDC case number in lieu of income information and be automatically eligible for free lunches. Only the child's name, current food stamp or AFDC case number, and an adult signature are required on the application. If selected for verification, the household is required to establish current eligibility by either providing documentation that they currently received food stamps or AFDC or that their income is at or below the current income eligibility guidelines.

The Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147) also permits school food authorities to certify children as eligible for free lunches, without application, by directly communicating with the appropriate State or local agency to obtain documentation of the family's receipt of food stamps.

Program Overlap

Approximately 16 percent of all NSLP participants and 48 percent of free participants belonged to a household that received food stamps. In addition, approximately 13 percent of all participants and 36 percent of all free participants received some form of public assistance such as AFDC or SSI.

Sequencing of Income

National School Lunch Program benefits are not treated as countable income in the Food Stamp Program.

Interactions with Other Programs

Eligibility

When filing an application, a household may provide evidence of current receipt of ADFC assistance under part A of Title IV of the Social Security Act, in lieu of income information, and be automatically eligible for free lunches. Similarly, P.L. 101-147 permits School Food Authorities to seek such information directly from the appropriate State or local agency to certify eligibility for free lunches.

Sequencing of Income

Payments from other financial assistance programs are counted as income. School lunch benefits are not counted as in-kind income in other social programs.

Taxation of Benefits

Families are not taxed on the school lunch benefits their children receive.

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History of Recent Major Program Changes

The Child Nutrition Amendments of 1986 (P.L. 99-500, 99-661) provided:

- That whole milk must be offered,

- That children whose families receive foodstamps or AFDC in states with a 130 percent of poverty limit be automatically eligible for a free lunch, and

- That the tuition limitation on private schools be raised from $1500 to $2000.

The Supplemental Appropriations Act, 1987 (P.L. 100-71) eliminated the tuition limitation on private schools thus making all private schools eligible to participate in the National School Lunch Program.

The Commodity Distribution Reform Act and WIC Amendments of 1987 (P.L. 100-237) affected the National School Lunch Program through several changes in the way State distributing agencies donate commodities to recipient agencies, including schools. Changes in the law included:

- Time frames for notification of deliveries of commodities,

- Provision of commodity specifications to local agencies, and

- A requirement that States use commercial distributions systems (unless they could justify a more cost-effective state system).

Another important provision required that a national per meal value of donated food be established so that each school food authority receives donated foods not less than the national average value. The law also extended cash/CLOC sites through December 31, 1990 and extended the National Commodity Processing (NCP) Program through September 30, 1990.

The Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147):

- Allowed schools to collect only the Social Security Number for the person signing the application for meal benefits (previously, all adults in the household reported SSNs);

- Required schools in the NSLP to offer whole and unflavored lowfat milk (previously, whole was required by law and lowfat by regulation);

- Allowed schools to serve snacks to children in afterschool care in NSLP schools that were participating in the Child Care Food Program as of May 15, 1989;

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- Extended the cash/CLOC demonstration through FY92 and permitted the Secretary to refine the operations of the project to better meet the agricultural support objectives of the Department;

- Established a Food Service Management Institute to conduct research and provide training and technical assistance for school food service personnel;

- Required joint USDA and DHHS development and distribution of nutrition guidance for child nutrition programs; and required USDA to ensure meals are consistent with guidance when practicable;

- Established a new system unifying Federal review efforts for school nutrition programs and State Agency management evaluations to ensure NSLP compliance; and

- Established State Administrative Fund carryover limits (25% in 1990; 15% in 1991) with unspent funds to be used for technical assistance and training.

Program Statistics

See attached charts.

References

7 CFR Part 210, 1989.

Barnes, R. "Modeling Student Participation in School Nutrition Programs." Washington, D.C.: The Urban Institute, 1988.

Evaluation Staff, Office of Analysis and Evaluation, Food and Nutrition Service. "School Food Purchase Study." Alexandria, VA: Food and Nutrition Service, U.S. Department of Agriculture, 1987.

Fraker, T., "The Sodium and Macronutrient Content of USDA School Lunches." Washington, D.C.: Mathematica Policy Research, Inc. 1988.

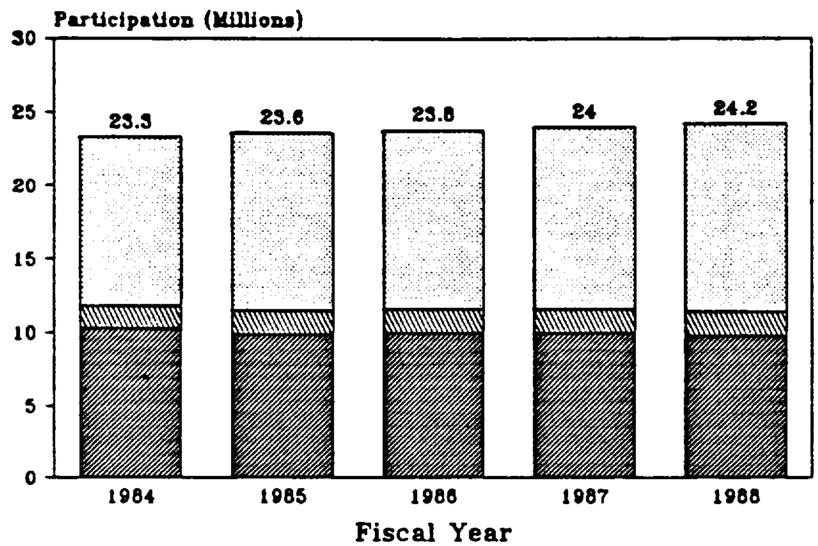
"The National Evaluation of School Nutrition Program: Final Report." (2 Volumes). System Development Corporation, 1983.

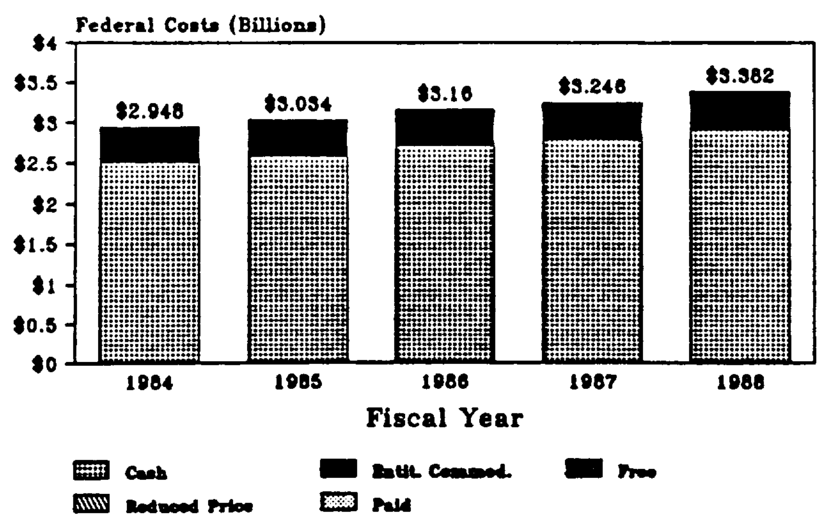
St. Pierre, R., M. Puma, M. Battaglia, J. Layzer. "Study of Income Verification in the National School Lunch Program." Report for the Food and Nutrition Service, U.S. Deparatment of Agriculture. Cambridge, MA: Abt Associates, Inc., 1990.

National School Lunch Program

Nine Month Average Participation and Federal Costs

1984 - 1988





Source: FY 1988 Historical Review, U.S. Department of Agriculture, Food and Nutrition Service.

SCHOOL BREAKFAST PROGRAM (SBP)

Purpose

To assist States in initiating, maintaining, or expanding nonprofit breakfast programs in schools and other child care institutions.

Authorization, Funding and Administration

- Originally authorized as a two-year pilot project under the Child Nutrition Act of 1966 (P.L. 89-642). In 1975, P.L. 94-105 granted permanent authorization.
- Federal funds are provided without State or local matching requirements
- Administered jointly by State agencies and local School Food Authorities. In those States that are prohibited by State law from administering the program in private schools, the Food and Nutrition Service directly administers it through its regional offices.

Filing Unit

School Food Authorities, which are the governing bodies responsible for the administration of school food services in one or more schools.

Categorical Eligibility

As in the National School Lunch Program, a school is eligible to participate if it:

- Operates under public or nonprofit private ownership; and
- Is an educational unit of high school grade or under, recognized as part of the education system in the State. Pre-primary grades are included when they are conducted in a school with primary grades or higher, or when they are recognized as part of the educational system in the State; or
- Is a residential child care institution (RCCI) which operates principally for the care of children and if private, is licensed by the State to provide residential child care services.

Children are eligible to participate in the School Breakfast Program if they attend a participating school and, in RCCIs, if they are under 21 years of age. They may receive free or reduced price meals if the household completes an application form and is determined eligible.

Asset Limit

Not Applicable

Means Test

Any child from a family meeting the eligibility criteria, which are based on family size and income, may receive a free or reduced price breakfast. Free meals are served to children from households with incomes at or below 130 percent of poverty ($16,510 for a family of four, effective July 1, 1990). Reduced price meals are served to children from families with incomes between 130 and 185 percent of poverty ($23,495 for a family of four, effective July 1, 1990). Households which provide a current food stamp or AFDC case number on the application are categorically eligible for free meals. The full price or paid category is for children from households with income above 185 percent the Federal poverty guidelines.

Most schools participating in the School Breakfast Program also participate in the National School Lunch Program (NSLP). A single application is generally provided for participation in both programs; therefore, if an application is chosen to be verified for accuracy of income and household information, status in both the lunch and breakfast programs may be affected.

Countable Types of Income

Consistent with the NSLP, all money received on a recurring basis, before deductions, is counted as household income: salary, wages or commissions from employment; earnings from self-employment, including farming; welfare payments; payments from social security pensions, retirement or annuities; child support or spousal support payments; other cash income including cash amounts received or withdrawn from any source, including savings, investments, trust accounts, and other resources which would be available for payment of the price of a child's meal.

Exclusions

None

Deductions

None

Benefit Formula

Per-meal cash reimbursement rates are established for breakfasts served.

The school breakfast rates vary in two ways. As in the NSLP, three categories are established based on family income: free (at no cost to students); reduced price (at a cost of no more than 30 cents to students); and full price or paid (with no limit on cost to students). Second, a higher "severe need" rate is allowed in the free and reduced price category if 40 percent or more of the lunches served the prior year were served free or at a reduced price and if per meal costs exceed the regular reimbursement.

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School Year 1990-1991

School Breakfast Program Per-Meal Subsidies (in cents)			
	Paid	18.25	
Severe Need		Non-Severe Need	
Free	106.75	Free	89.75
Reduced Price	76.75	Reduced Price	59.75

In addition to cash reimbursement, commodity assistance valued at 3 cents for each breakfast served is offered to States for school breakfasts, if sufficient supplies of USDA commodities are available.

To qualify for Federal reimbursement, schools must serve breakfasts which meet meal pattern requirement, specified by the Secretary of Agriculture. The breakfast must be planned to offer each student four items: milk, a fruit and/or vegetable, and a bread or meat (or their alternatives). Student meals may contain only three of the four items offered and still be claimed for reimbursement under the "offer versus serve" provision.

Indexing

The reimbursement rates are annually adjusted in July to reflect increases in the Food Away from Home Component of the Consumer Price Index for All Urban Consumers. The income eligibility guidelines for determining household eligibility for free and reduced price benefits are annually adjusted in July based on the Federal poverty income guidelines.

Characteristics of Recipients

The average daily participation for Fiscal Year 1989 was 3.8 million children. Eighty-one percent of the participating children came from families with incomes below 130 percent of poverty; 5 percent came from families with incomes between 130 and 185 percent of poverty; and nearly 13 percent came from families with incomes above 185 percent of poverty. Over 50 percent of the breakfasts served received the severe need subsidy.

Interactions with the Food Stamp Program

Eligibility

As in the National School Lunch Program, when filing an application, a household may provide a food stamp case number in lieu of income information and be automatically eligible for free lunches. Only the child's name, current food stamp case number and adult signature are required on the application. If selected for verification, the household is required to establish current eligibility by either providing documentation that they currently receive food stamps or that their income is at or below the current income eligibility guidelines.

The Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147) permits school food authorities to certify children as eligible for free meals, without application, by directly communicating with the appropriate State or local agency to obtain documentation of the family's receipt of food stamps.

Program Overlap

Almost 43 percent of all SBP participants and nearly 59 percent of all free SBP participants belong to households that receive food stamps (based on National Evaluation of School Nutrition Programs II (NESNP-II) data collected during the 1983-84 school year).

Sequencing of Income

School Breakfast Program benefits are not treated as countable income in the Food Stamp Program.

Interactions with Other Programs

Eligibility

When filing an application, a household may provide evidence of the receipt of AFDC assistance under part A of Title IV of the Social Security Act, in lieu of income information and a social security number, and be automatically eligible for free breakfasts. P.L. 101-147 permits school food authorities to seek information on the receipt of AFDC benefits directly from the appropriate State or local agency to certify eligibility for free breakfasts.

Program Overlap

Based on NESNP-II data collected during the 1983-84 school year, thirty-two percent of all SBP participants and 43 percent of all free SBP participants belong to a household that receives public assistance or welfare payments including AFDC and SSI.

Sequencing of Income

Payments from other financial assistance programs are counted as income. School breakfast benefits are not counted as in-kind income in other social programs.

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Taxation of Benefits

Families are not taxed on the school breakfast benefits their children receive.

History of Recent Major Program Changes

The Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147):

- Permits school food authorities to certify children as eligible for free meals, without application, by directly communicating with the appropriate State or local agency to obtain documentation of the family's receipt of food stamps or AFDC benefits;

- Authorized funds for School Breakfast Program start-up grants ($3 million in Fiscal Year 1990, $5 million a year through Fiscal Year 1994); and

- Requires State education agencies to provide information to school boards and public officials concerning the benefits and availability of the SBP.

The Hunger Prevention Act of 1988 (P.L. 100-435) increased cash subsidies by 3 cents for each breakfast served under the program.

The Supplemental Appropriations Act of 1987 (P.L. 100-71) eliminated the tuition limitation on private schools, making all private schools eligible to participate in the SBP.

The Child Nutrition Amendments of 1986, passed as amendments to the Continuing Resolution of 1987 (P.L. 99-500 and P.L. 99-591), and the National Defense Authorization Act (P.L. 99-661):

- Provided automatic eligibility for free meals to children in households receiving food stamps or AFDC benefits;

- Added 3 cents in cash and 3 cents in bonus commodity assistance to SBP reimbursement;

- Extended the option of "offer versus serve" to the School Breakfast Program; and

- Required review and revision of the breakfast program nutrition requirements.

Program Statistics

(See accompanying charts)

References

7 C.F.R. Parts 220 and 245, 1989.

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U.S. Department of Agriculture, Food and Nutrition Service. Characteristics of the National School Lunch and School Breakfast Program Participants. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service, 1988.

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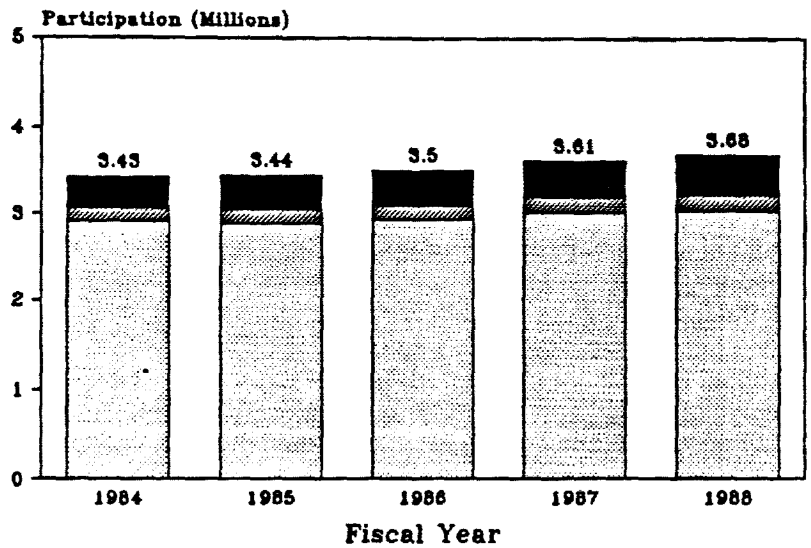
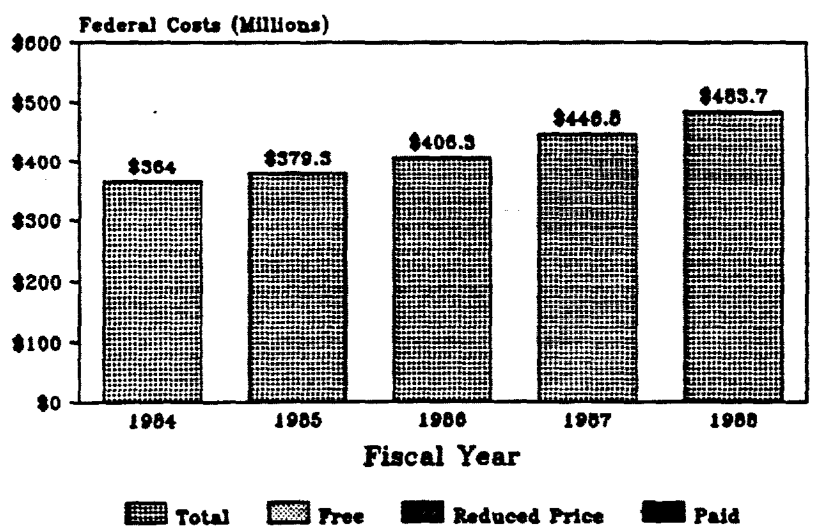
School Breakfast Program

Nine Month Average Participation and Federal Costs

1984 - 1989





Source: U.S. Department of Agriculture, Food and Nutrition Service.

SPECIAL MILK PROGRAM (SMP)

Purpose

To encourage consumption of fluid milk by children.

Authorization, Funding and Administration

- Established in 1954 through P.L. 83-690; P.L. 89-642 incorporated the Special Milk Program under Section 3 of the Child Nutrition Act of 1966.
- Federal funds are provided without State or local matching requirements.
- Administered jointly by State agencies and local School Food Authorities. In those States that are prohibited by State law to administer the program in private schools, the Food and Nutrition Service directly administers the program through its regional offices.

Filing Unit

School Food Authorities, which are the governing bodies responsible for the administration of school food services in one or more schools.

Categorical Eligibility

Eligible institutions include any school or child care institution, summer camp, and other similar non-profit institution that does not participate in any other child nutrition meal program authorized by the National School Lunch Act or the Child Nutrition Act of 1966. An exception is made for split-session kindergartens in schools if children attending do not have access to other meal programs that the school provides.

Children are eligible if they attend school at participating sites and they are (1) under 19 years of age in child care institutions, (2) under 21 years of age in residential child care institutions (and child care centers in Puerto Rico), or (3) students of high school grade or under, attending eligible schools, as defined by the State.

Asset Limit

Not applicable

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Means Test

Any participating School Food Authority or child care institution may elect to serve free milk to children who come from families whose income is at or below 130 percent of the Federal poverty income guidelines. Families must complete an application indicating their income, or current AFDC or food stamp case number, for a child to be eligible for free milk.

Countable Types of Income

Consistent with the National School Lunch Program, all money received on a recurring basis is counted as household income: salary, wages, or commissions from employment; earnings from self-employment, including farming; welfare payments; payments from social security, pensions, retirement, or annuities; child support or spousal support payments; other cash income including cash amounts received or withdrawn from any source, including savings, investments, trust accounts, and other resources which would be available for payment of the price of a child's meal.

<u>Exclusions</u>

None

<u>Deductions</u>

None

Benefit Formula

If a School Food Authority or a child care institution elects to serve free milk to children at or below 130 percent of the poverty level, reimbursement is the average cost of each half-pint of milk. This is computed as the total cost of milk purchased in a claim period divided by the total number of half-pints purchased. During Fiscal Year 1989, the average reimbursement to cover the cost of milk served to needy children, including local level distribution costs, was about 13.15 cents per half pint.

Reimbursement for milk served to those above 130 percent of poverty is at a single rate established by the Secretary of Agriculture. In School Year 1990-1991, this rate is 11 cents per half pint.

Indexing

The reimbursement rates for half-pints of milk are annually adjusted in July to reflect increases in the Producer Price Index for fresh processed milk. The Federal poverty income

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Characteristics of Recipients

There is no available information regarding the children participating in the Special Milk Program, although information regarding program characteristics is available. In Fiscal Year 1989, 86 percent of all half- pints of milk served went to schools and residential child care institutions; only 2 percent were served in non-residential child care institutions; the remaining 12 percent were served in summer camps. Overall, only 6 percent of half pints were served free.

Interactions with the Food Stamp Program

Eligibility

Children from households receiving food stamps are categorically income eligible for free milk.

Program Overlap

Unknown

Sequencing of Income

Special Milk Program benefits are not counted as income in the Food Stamp Program.

Interactions with Other Programs

Eligibility

Children from households receiving AFDC benefits are categorically income eligible for free milk.

Sequencing of Income

Payments from other financial assistance programs are counted as income. Special Milk benefits are not counted as in-kind income in other social programs.

Taxation of Benefits

Families are not taxed on the benefits their children receive.

History of Recent Major Program Changes

The Child Nutrition Amendments of 1986 were passed as amendments to the Continuing Resolution of 1987 (P.L. 99-500 and P.L. 99-591) and the National Defense Authorization Act (P.L. 99-661). These amendments restored the Special Milk Program to split-session kindergarten programs in schools where children do not have access to other school nutrition programs.

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Program Statistics

(See accompanying charts)

References

7 C.F.R. Parts 215 and 245, 1989.

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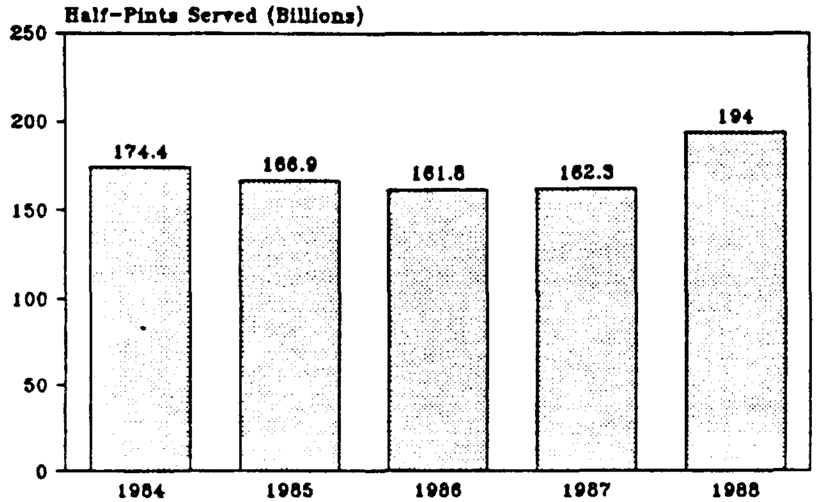
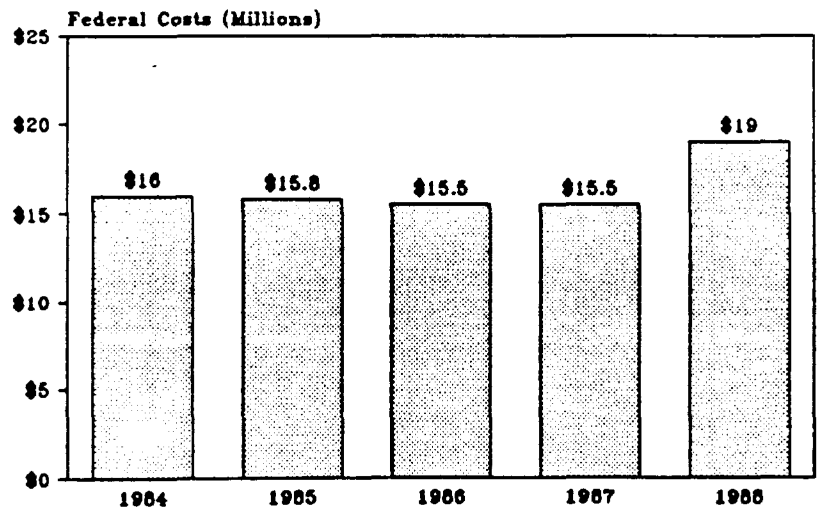
Special Milk Program

Half-Pints Served and Federal Costs

1984 - 1988





Source: FY 1988 Historical Review, U.S. Department of Agriculture, Food and Nutrition Service.

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NUTRITION EDUCATION AND TRAINING PROGRAM (NET)

Purpose

To provide for a comprehensive nutrition education program through State agencies to achieve the following goals:

- To encourage good eating habits and teach children the relationship between food and health through activities in schools and child care institutions.
- To train food service personnel in nutrition and food service management and to encourage the use of the cafeteria as an environment for learning about food and nutrition.
- To instruct educators in nutrition education and in the use of the cafeteria as a learning laboratory.
- To identify, develop, and disseminate appropriate educational materials and curricula.

Authorization, Funding and Administration

- Authorized by the Child Nutrition Act as amended, P.L. 95-166, November 10, 1977. It has no permanent authorization.
- Reauthorized by the Child Nutrition Act, as amended by P.L. 101-147, November 10, 1989. The legislation authorizes the following appropriations for grants to each State for the conduct of nutrition education and information programs: $10 million in FY 1990, $15 million in FY 1991, $20 million in FY 1992, and $25 million in FY 1993 and 1994. The legislation also increases the amount of the minimum grant to a State which is $50,000 in any fiscal year when the amount appropriated for the program is less than $10 million. The minimum grant increases to $62,500 when the amount appropriated is $10 million or more but less than $15 million; $68,750 when the amount is $15 million or more but less than $20 million; and $75,000 when the amount is $20 million or more. The appropriation in Fiscal Year 1990 remained at the $5 million level.
- Federal grants are provided without State or local matching requirements.
- Administered by State agencies through a State coordinator.

Filing Unit

State agencies

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Categorical Eligibility

All States are eligible to receive NET funds. States must designate a coordinator and submit a new program plan in the first year of a reauthorization period that addresses educational needs. Annual updates are required in each succeeding year of the period.

Asset Limit

Not applicable

Means Test

Not applicable

Countable Income Types

Not applicable

Benefit Formula

Grants to each State from the amounts appropriated shall be based on a rate of 50 cents for each child enrolled in schools or institutions within such State. If the amount appropriated for any fiscal year is insufficient to pay the amount to which each State is entitled, the amount of each grant shall be ratably reduced to not less than the minimum grant in effect for any fiscal year. If additional funds become available for making such payments, such amounts shall be increased on the same basis as they were reduced.

Indexing

Not applicable

Characteristics of Recipients

Recipients of funds are all State agencies. All children within a State are eligible for program benefits.

Interactions with the Food Stamp Program

Eligibility

None

Program Overlap

Unknown

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Sequencing of Income

Not applicable

Interactions with Other Programs

Eligibility

None

Sequencing of Income

The NET program does not interact with other programs.

Taxation of Benefits

Families are not taxed on the benefits their children receive.

History of Recent Major Program Changes

Not applicable

Program Statistics

There is no single NET program model as States determine their own needs and design the methods to address those needs. Individual State evaluation initiatives must be examined for information on NET's scope and effectiveness.

References

7 C.F.R. Part 227, 1989

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CHILD AND ADULT CARE FOOD PROGRAM (CACFP)

Purpose

To provide Federal funds to initiate, maintain, and expand nonprofit food service for children and elderly or impaired adults in nonresidential institutions which provide child or adult care. It enables child and adult care institutions to integrate a nutritious food service with organized care services.

Authorization, Funding, and Administration

- Originally authorized in 1968 by P.L. 90-302 as the year-round phase of the Special Food Service Program for Children. In 1975, P.L. 94-105 separately authorized the Child Care Food Program (CCFP) under Section 17 of the National School Lunch Act. It was permanently authorized in 1978 through P.L. 95-627. The program was expanded to include functionally impaired adults and the elderly by the Older Americans Act Amendments of 1987, (P.L. 100-175). Finally, the program was changed to the Child and Adult Care Food Program by P.L. 101-147.

- Federal funds are provided without State or local matching requirements.

- Administered jointly by State Agencies and local sponsors. In those States which do not administer the program, FNS directly administers it through its regional offices.

Filing Unit

Public or private non-profit child or adult care facility or non-profit tax exempt, sponsoring organization on behalf of day care homes.

Categorical Eligibility

Eligible institutions must be licensed or alternately approved according to Federal, State or local standards. These include: public or private non-profit child care centers; for-profit child care centers receiving child care compensation under Title XX of the Social Security Act for at least 25 percent of its children; Head Start programs; settlement houses; recreation centers; family and group day care homes, and outside school hours child care centers. Public or private non-profit adult day care centers which care for the needs of the functionally impaired or non-impaired individuals, provided they are 60 years or older, also are eligible. In addition, private for-profit adult day care centers may participate as proprietary Title XIX or XX centers if not less than 25 percent of their enrolled adults are Title XIX or XX beneficiaries.

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Children are eligible if they attend participating sites, are 12 years of age or under, or in the case of children from migrant workers, are 15 years of age or younger. Physically or mentally handicapped persons are eligible regardless of age if receiving care in centers or homes where the majority of enrollees are 18 years or under. Functionally impaired adults over the age of 18 and elderly individuals (over the age of 60) are also eligible if they attend participating sites and are not institutionalized.

Asset Limit

Not applicable.

Means Test

Child and Adult Day Care Centers. Most centers do not charge families separately for meals; centers are federally reimbursed at varying subsidy rates depending on the size and income of the participating child's family. Income eligibility standards are the same as those for the school food programs. Centers must determine whether participants are eligible for free meal reimbursement (family income at or below 130 percent of poverty) or reduced price meal reimbursement (income between 130 and 185 percent of poverty). Centers are reimbursed (but at a lower rate than for free and reduced price meals) for full price or paid meals served to participants from households with income above 185 percent of the Federal poverty guidelines.

Family Group Day Care Homes. Children attending participating sites receive meals which are reimbursed with no means test applied. However, a means test is applied for children whose parent(s) is the child care provider. Meals served to such children are reimbursed only when the family income is below 185 percent of the poverty level. Meals served to children from higher income provider families are not subsidized.

Countable Types of Income

Consistent with the school programs, the following are counted as household income: salary, wages or commissions from employment; earnings from self-employment, including farming; welfare payments; payments from social security, pensions, retirement, or annuities; other cash income including cash amounts received or withdrawn from any source, including savings, investments, trust accounts, and other resources which would be available for payment of the price of a participant's meal.

In the case of an adult participant who is residing with and being cared for by his or her children, the income of the children is not counted when determining free and reduced-price meal eligibility.

Benefit Formula

Cash reimbursement rates are established for each breakfast, lunch, supper and snack or supplement served. Federal reimbursement is provided for up to two meals and one supplement per day per child or adult. Children maintained in child care centers for eight or more hours per day may be served an additional meal or snack. Commodities or cash-in-lieu of commodities are also provided for lunches and suppers. Rates differ for child and adult care centers and family and group day care homes:

Centers are reimbursed at varying subsidy rates for each type of meal (breakfast, lunch, etc.) based on the family-size and income of the individual child. The rates are the same as those provided to schools under the National School Lunch and Breakfast Programs.

Family and Group Day Care Homes are reimbursed at a standard rate for each meal type (breakfast, lunch/supper and supplement), regardless of the family income of the participating child. These rates are slightly lower than those for free meals served in child care centers.

Reimbursement for local administrative costs is included in the per meal rates to child and adult care centers. Sponsoring organizations of day care homes receive separate administrative reimbursement based on the number of homes sponsored.

State agencies receive funds for state-level administrative expenses according to a formula based on program expenditures two years earlier. In addition, they receive program funds for CACFP State audit expenses which are equal to two percent of total program funds expended two years earlier (not including commodity assistance).

Indexing

The per meal reimbursement rates are annually adjusted in July to reflect increases in the Consumer Price Index for Food Away from Home for all Urban Consumers. Administrative costs to family day care home sponsoring organizations are also annually adjusted in July to reflect increases in the Consumer Price Index for All Items. As well, income eligibility guidelines are annually adjusted in July.

Characteristics of Recipients

Centers: In Fiscal Year 1989, 59 percent of participating children[8] came from families with incomes below 130 percent of poverty; 9 percent came from families whose income was between 130 and 185 percent of poverty; 32 percent came from families with incomes above 185 percent of poverty.

Family and Group Day Care Homes: Data from a 1988 evaluation indicate that 16 percent of participating children came from families with incomes below 130 percent of poverty; 13 percent came from families with incomes 130 to 185 percent of poverty; 71 percent came from families with incomes greater than 185 percent of poverty.

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[8] Based on meals served.

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Adult Day Care: Data on recipient characteristics are not yet available.

Interaction with the Food Stamp Program

Eligibility

When filing an application, a household may provide evidence of current receipt of AFDC assistance or food stamp participation in lieu of income information where the State eligibility standard is not greater than 130 percent of poverty.

Program Overlap

Approximately 34 percent of children attending participating child care centers (nearly 60 percent of children in Head Start and 20 percent in non-Head Start centers) receive food stamps compared with less than 6 percent of children attending participating family day care homes. Similarly, 28 percent of children in centers are in households that receive AFDC benefits (43 percent of children in Head Start centers and 19 percent of children in non-Head Start centers) compared with 6 percent of children attending participating family day care homes.

Sequencing of Income

CACFP benefits are not counted as income in the Food Stamp Program.

Interactions with Other Programs

Eligibility

None.

Sequencing of Income

The CACFP does not interact with other programs.

Taxation of Benefits

Families are not taxed on the benefits received under this program.

History of Recent Major Program Changes

The School Lunch and Child Nutrition Amendments of 1986 (P.L. 99-591):

- Provided automatic eligibility for free meals to children in households receiving food stamps, or children in an AFDC unit where the State eligibility standard is not greater than 130 percent of poverty; and

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- Provided an increase of 3 cents in the breakfast reimbursement rates in CCFP as well as the School Breakfast Program.

The Older Americans Act Amendments of 1987 (P.L. 100-175) amended the National School Lunch Act to permit adult day care centers to receive reimbursement under the CCFP for meals or meal supplements served to persons 60 years of older, and to chronically impaired disabled persons residing with eligible elderly persons.

The School Lunch and Child Nutrition Act Amendments of 1988 (P.L. 100-435):

- Increased cash subsidies by 3 cents for each breakfast served under the School Breakfast Program and in child care centers;

- Allowed Federal reimbursement for an additional meal or snack per day in child care centers; and

- Authorized a one-State demonstration project under the Child Care Food Program providing reimbursement for an additional meal or snack in family day care homes.

The Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147) extended the Minnesota Family Day Care Home Demonstration, and added demonstration projects to examine the feasibility of including for-profit child care centers, expanding family day care homes in low income areas, and providing meals to homeless children in emergency shelters.

Program Statistics

See attached chart.

References

7 CFR Part 226, 1989.

Glantz, F., J. Layzer and M. Battaglia. "Study of the Child Care Food Program." Final Report submitted to the Food and Nutrition Service, U.S. Department of Agriculture. Cambridge, MA: Abt Associates Inc., 1988.

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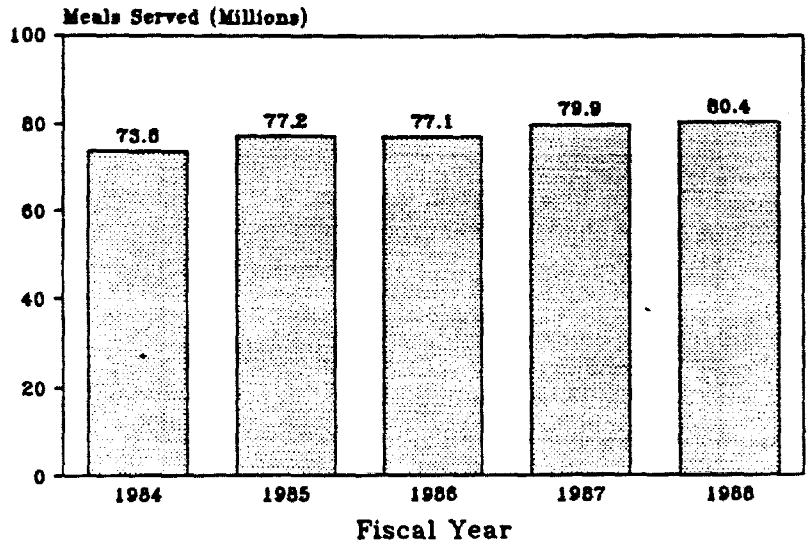
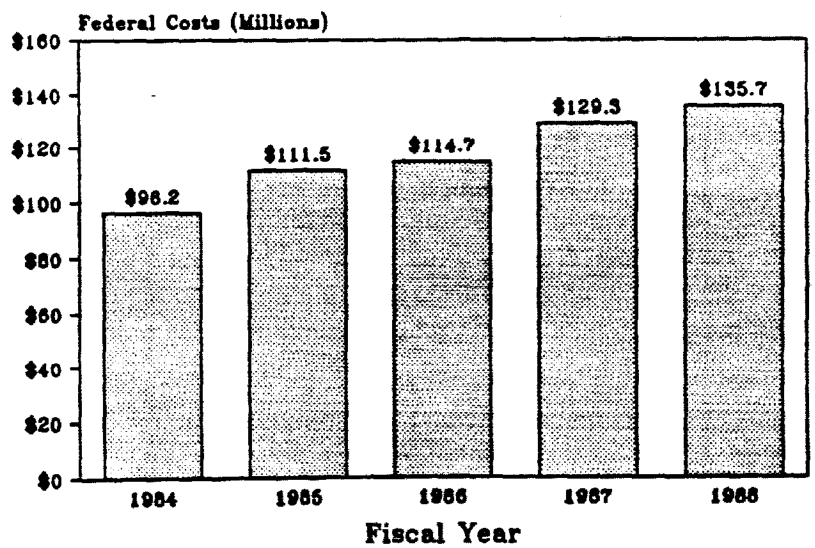
Summary Food Service Program

Meals Served and Federal Costs*

1984 - 1988





* Includes cash, commodities, sponsor and State administration and health inspection costs.

Source: FY 1988 Historical Review, U.S. Department of Agriculture, Food and Nutrition Service.

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SUMMER FOOD SERVICE PROGRAM (SFSP)

Purpose

To provide meals for children from low-income areas during the summer months when schools are closed for vacation or at other times of the year when children are on school vacation under a continuous school calendar system. Children in the National Youth Sports Program from October through April are also eligible.

Authorization, Funding and Administration

- Originally authorized in 1968 by P.L. 90-302 as the summer phase of the Special Food Service Program for Children. In 1975, P.L. 94-105 established a separate Summer Food Service Program under Section 13 of the National School Lunch Act. The program is not permanently authorized.
- Federal funds are provided without State or local matching requirements.
- Administered jointly by State educational or alternate agencies and local sponsors. In those States which do not administer the program, the Food and Nutrition Service administers it through its regional offices.

Filing Unit

A sponsor may be a public or private non-profit School Food Authority, a college or university participating in the National Youth Sports Program, a residential summer camp, a private, nonprofit organization which meets specific criteria, or a unit of local, municipal, county or State government that operates one or more food service sites.

Categorical Eligibility

Except for residential camps or sites which serve homeless children, site eligibility is restricted to areas where poor economic conditions exist--areas where 50 percent or more of the families earn incomes at or below 185 percent of the poverty level. Children up to age 18, and mentally or physically disabled individuals over 18 years old participating in a program for such individuals may participate in the food program.

Asset Limit

Not applicable

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Means Test

- In summer camps, only meals served to enrolled children from families that qualify for free or reduced price meals under the guidelines established for the National School Lunch Program (NSLP) are reimbursed.

- In all other settings, there is no family income eligibility standard for receipt of meals or snacks. Any child living in an approved site area, regardless of family income, or attending a site if she or he lives outside the area, may receive a meal at no charge.

Countable Types of Income

- Residential summer camps and enrolled programs use the same family-size/income guidelines as those established for the National School Lunch Program.

- For all other sites, area eligibility can be determined by:

  -- The percentage of free and reduced price meals served to children attending area schools participating in the NSLP; or

  -- Other area income information provided from departments of welfare, education, zoning commissions, census tracts or migrant organizations.

<u>Exclusions</u>

None

<u>Deductions</u>

None

Benefit Formula

Sponsors are reimbursed for meals served based on the lesser of the actual operating costs incurred or a per meal rate for each meal type (breakfast, lunch, snack). Federal reimbursement is limited to two meals each day: lunch plus either breakfast or a snack. An exception exists for camps or programs for migrant children which are reimbursed for up to four meals/snacks each day. National Youth Sports Program sponsors operating during the school year are reimbursed at rates established under the National School Lunch and School Breakfast Programs.

Sponsors are eligible to receive commodities if they prepare meals on site, have an agreement with a school or school district for the preparation of meals, or have competitively procured meals from the same food service management firms during the previous school year.

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Administrative cost reimbursements are provided to local sponsors and States. Sponsor payments equal the lesser of:

- The amount estimated in the sponsor's approved administrative budget;

[redacted]

Interactions with Other Programs

Eligibility

An area's eligibility may be based on the percentage of children eligible for free and reduced price meals through the NSLP. Residential summer camps and enrolled sites use the NSLP guidelines in determining an individual's eligibility.

Sequencing of Income

In residential summer camps, income is treated the same as under the NSLP. That is, payments from other financial assistance programs are counted as income on SFSP applications. SFSP benefits are not counted as in-kind income in other social programs.

Taxation of Benefits

SFSP benefits are not counted as taxable income.

History of Recent Major Program Changes

The Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147):

- Allowed private non-profit sponsors nationwide to participate in the SFSP with limitations on program size (private non-profit sponsors may serve no more than 2,500 children per day at no more than five urban or 20 rural sites);

- Authorized 1/2 of one percent of program funds for intensified Federal review of SFSP private non-profit sponsors;

- Allowed meal providers which primarily serve homeless children to participate as SFSP sites; and

- Made National Youth Sports Camps eligible for the SFSP on a year-round basis.

The Hunger Prevention Act of 1988 (P.L. 100-435):

- Authorized a five-State demonstration project for private non-profit sponsors; and

- Extended eligibility for participation in the SFSP to colleges and universities participating in the National Youth Sports program.

Program Statistics

(See accompanying charts)

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References

7 C.F.R. Parts 225 and 245, 1989.

Mathematica Policy Research, Inc. An Evaluation of the Summer Food Service Program. Alexandria, VA: U.S. Department of Agriculture, Food and Nutrition Service, 1988.

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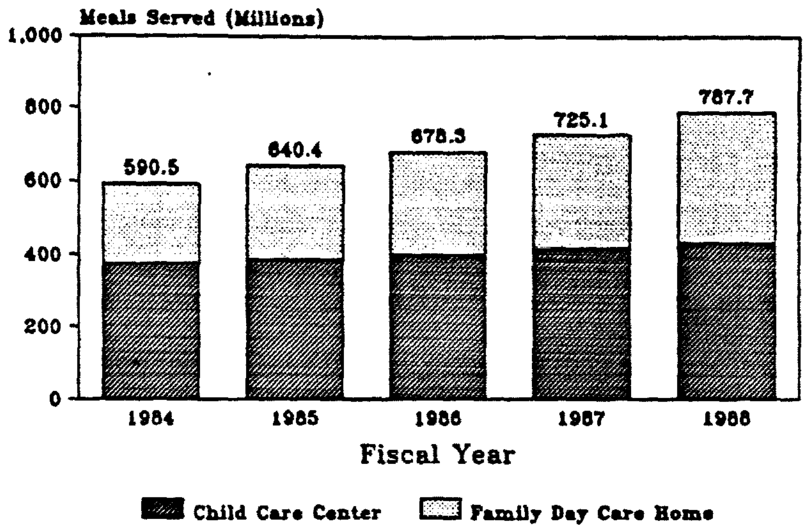
Child and Adult Care Food Program

Total Meals Served

1984 - 1988



Source: U.S. Department of Agriculture,
Food and Nutrition Service.

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS AND CHILDREN (WIC)

Purpose

To provide monthly food supplements, nutrition education, and referrals to health care to low-income pregnant, breastfeeding or postpartum women, infants, and children up to age five who are found to be at nutritional risk.

Authorization, Funding and Administration

- Child Nutrition Act of 1966 (section 17) as amended by Public Law 92-433 in September 1972. Program authorization was most recently extended by Public Law 101-147 in November 1989.

- One hundred percent Federally funded grant covers food, program administration and nutrition education costs.

- State administered by 86 agencies, including the 5O States, 32 Indian agencies, Puerto Rico, the Virgin Islands, Guam, and the District of Columbia.

- WIC is not an entitlement program and total availability and participation are determined by Federal appropriations and allocations to States.

Filing Unit

Individual

Categorical Eligibility

Eligibility is restricted to pregnant, postpartum, or breastfeeding women, infants, and children up to five years of age.

Categorically eligible participants must be certified by a health professional as being at nutritional risk and meet the State agency's income criterion.

Asset Limit

None

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Means Test

Federal regulations state that income limits, which are set by each State agency, may not exceed 185 percent or be less than 100 percent of the U.S. poverty income guideline for each family size. All but four States use 185 percent of the poverty guidelines as the income standard.

Under the provisions of P.L.101-747, adjunct (i.e. automatic) income eligibility must be granted if the applicant receives food stamps, Medicaid, AFDC, or free or reduced-price school lunches. Members of families which contain an AFDC recipient or a pregnant woman or infant receiving Medicaid are also granted adjunct income eligibility for WIC. It should be noted that income-eligible applicants must also be found to be at nutritional or medical risk in order to participate.

Countable Types of Income

Except as indicated below, all cash income is counted, including income from social security, welfare, or other public assistance. State agency definitions of income vary; however, they must receive annual approval for the definition of income as part of their plan of operations.

Exclusions

When determining program eligibility, income from the following sources is excluded:

1. Reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
2. Any payment to volunteers (i.e., RSVP, foster grandparents, SCORE, ACE, VISTA).
3. Income from submarginal land held in trust for certain Indian tribes.
4. Payments received due to the Home Energy Assistance Act of 1980.
5. Income from youth employment demonstration programs.
6. Assistance received from National School Lunch Act Programs or the Food Stamp Program.
7. Income derived from funds disposed to the Grand River Bank of Ottawa Indians.
8. States have the option of excluding military housing allowances.
9. Loans.

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Deductions

The State Agency's definition of income may include deductions for expenses due to hardships, if it is demonstrated that a household's gross income does not exceed income criteria for reduced price meals under Section 9 of the National School Lunch Act (i.e., 185 percent of the poverty guidelines).

Benefit Formula

Program benefits are food packages usually provided to participants in the form of vouchers or checks that are redeemed for specific food items in retail grocery stores. The six food packages under the Program establish maximum amounts of certain foods that are available to participants, including infant formula, milk, cheese, eggs, juice, peanut butter, legumes (dried beans or peas), and fortified cereal. Food items are prescribed from these food packages according to the participant's category and nutritional need.

Food package "tailoring" varies among State and local agencies according to perceived participant need or to State or local nutrition policies. In Fiscal Year 1989, the average monthly cost of a food package was about $30 per person.

Indexing

U.S. income poverty guidelines are adjusted each July. Benefits are self-indexing since vouchers are provided for quantities of specific foods. The price charged is the retail price at the time the voucher is redeemed, or a specific contract price for WIC foods.

Characteristics of Recipients

According to the Study of WIC Participant and Program Characteristics, in 1988, about 48 percent of all participants are children, 31 percent are infants, and 21 percent are women. Of the women participants, about two-thirds are pregnant. Over 84 percent of participants reported incomes below 130 percent of poverty.

Interactions with the Food Stamp Program

In 1988, about 45 percent of WIC participants lived in households that also received Food Stamp Program benefits.

WIC benefits are not counted as income in the Food Stamp Program.

Interactions with Other Programs

Eligibility

WIC is supplemental to all other food assistance programs except the CSFP which serves similar objectives.

Program Overlap

In 1988, about 27 percent of WIC participants lived in households that also received free or reduced-price lunches through the National School Lunch Program.

Sequencing of Income

The value of WIC benefits is not included in food stamp countable income.

Taxation of Benefits

WIC benefits are not included in taxable income.

History of Recent Major Program Changes

In November 1989, the WIC Program was reauthorized for five years from 1989 to 1994. In addition, the reauthorization legislation:

- Establishes adjunctive income eligibility for FSP recipients, members of families that receive AFDC or meet eligibility for free or reduced-price school lunch, and Medicaid recipients or members of families in which a pregnant woman or infant receives Medicaid.

- Requires States to solicit sole source competitive bids for infant formula rebate agreements unless it can be proven that an alternative rebate system will produce equal or greater savings.

- Requires that USDA establish standards for breastfeeding promotion and support and that States spend their pro rata share of $8 million annually for breastfeeding promotion and support.

- Establishes a national average participant grant for nutrition services and administration equal to the national average per participant grant for FY 1987, annually adjusted to reflect inflation.

Program Statistics

An average of 4.1 million persons participated each month in Fiscal Year 1989 receiving an average monthly food benefit of $30.14 at an average monthly administrative cost of $8.43.

Program Statistics for Fiscal Years 1974 to 1988 are attached.

References

P.L. 101-147, The Child Nutrition and WIC Reauthorization Act of 1989.

U.S. Department of Agriculture, Food and Nutrition Service & Research Triangle Institute, Inc. Final Report: Study of WIC Participant and Program Characteristics, 1988. Alexandria, Virginia: U.S. Department of Agriculture, Food and Nutrition Service, 1990.

U.S. Department of Agriculture, Food and Nutrition Service & Abt Associates Inc. Study of Funding for Nutrition Services and Program Administration in the WIC Program. Alexandria, Virginia: U.S. Department of Agriculture, Food and Nutrition Service, March 1989.

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)

Purpose

To provide nutritional assistance to low-income households through direct household distribution of commodities. From 1982 to 1988 the USDA distributed commodities acquired solely through price-support activities. The Hunger Prevention Act of 1988 authorized funds for the purchase of commodities for household distribution.

Authorization, Funding, and Administration

- Temporary Emergency Food Assistance Act (TEFAA) of 1983 (P.L. 98-8), as amended.

- The Federal government acquires commodities through price support activities and direct appropriations ($120 million in FY 1990), ships them to States and provides $50 million annually for State and local administrative costs.

- Administered by the individual States. States are required to match, in cash or through in-kind contributions, administrative funds retained for State-level administration.

Filing unit

Household

Categorical Eligibility

Program regulations require States to establish income based standards for determining eligibility and methods by which persons may demonstrate eligibility under such standards. Many States have established categorical eligibility. For example, food stamp households are categorically eligible for TEFAP in 35 States. Many States also permit categorical eligibility for recipients of AFDC, SSI, Medicaid or General Assistance.

Asset Test

None

Means Test

State established gross income limits range from 125 to 185 percent of the Federal income poverty guidelines. Four States have a tiered means test where households with elderly members (older than 60 years of age) are eligible at higher income levels.

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Countable Types of Income

Cash income.

Benefit Formula

Benefits are provided in the form of commodity packages intended for at-home preparation and consumption. The actual amounts of commodities received by households depend on the frequency of the distribution (e.g., monthly or quarterly) and the allowable allotments based on household size (both of which vary from State to State).

Indexing

None

Characteristics of Recipients

In October 1986, nearly 40 percent of all TEFAP households were headed by a person age 60 or older. Just over half of all households had members under 18 years of age.

Three-fourths of all TEFAP households had incomes at or below the poverty level. Only 9 percent had household incomes above 130 percent of poverty.

Interactions with the Food Stamp Program

Eligibility

In 35 States, Food Stamp recipients are categorically eligible for TEFAP.

Program Overlap

In October 1986, 41 percent of all TEFAP households received food stamps.

Sequencing of Income

Section 206 of TEFAA stipulates that TEFAP commodities shall not be considered income or resources of a recipient for any purposes under any Federal, State or local law.

Interactions with Other Programs

Eligibility

Many States make participants in means-tested programs categorically eligible for TEFAP commodities. A table of categorical eligibility by State is attached (Table 1).

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Program Overlap

Based on October 1986 characteristics data (USDA, FNS, 1987), 19 percent of all TEFAP households received AFDC; 13 percent, SSI; 7 percent, General Assistance; 2 percent, Unemployment Insurance; and 6 percent, WIC.

Sequencing of Income

See above.

Taxation of Benefits

TEFAP commodities are not included in taxable income.

History of Recent Major Program Changes

The Hunger Prevention Act of 1988:

- Reauthorized the program and administrative funding through 1990; and
- Required the purchase and distribution of $120 million in commodities (in addition to Commodity Credit Corporation donations) through 1990.

Program Statistics

(See Table 2)

References

7 CFR Part 251, 1989

United States Department of Agriculture, Food and Nutrition Service. A Study of the Temporary Emergency Food Assistance Program (TEFAP). Alexandria, VA: Food and Nutrition Service, 1987.

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TABLE 1

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)
INCOME ELIGIBILITY GUIDELINES

State	Income As a Percent of OMB Poverty Guidelines
ALABAMA	130 percent, FS, AFDC, SSI, SD and Unemployed, SD and over 60
ALASKA	No Program
ARIZONA	150 percent, FS, Welfare
ARKANSAS	130 percent, FS
CALIFORNIA	150 percent, FS, SD
COLORADO	185 percent, AFDC, PA, SSI, Old Age Pension, Aid to Blind, Med - elig. foster children, aid to needy disabled
CONNECTICUT	175 elderly, handicapped
DELAWARE	130 percent, FS, AFDC, GA, Welfare
DIST OF COL	130 percent, FS, Med
FLORIDA	130 percent, FS, AFDC, SSI, Med, SD, Public Housing
GEORGIA	130 percent, FS, AFDC, SSI, Med, SD, Public Housing
HAWAII	Hawaii poverty - 150 percent (Hawaii has a different base scale)
IDAHO	130 percent
ILLINOIS	125 percent, FS, AFDC, GA
INDIANA	150 & 180 percent (over 60), FS, AFDC, SSI, Med, Project Safe, Township Trustee
IOWA	185 percent, FS, AFDC, SSI
KANSAS	165 percent
KENTUCKY	130 percent, SD
LOUISIANA	130 percent, FS, AFDC, Med
MAINE	150 percent, FS, AFDC, SSI, Med, EA, Elderly Tax and Rent Refund
MARYLAND	150 percent, FS, AFDC, SSI, Med
MASSACHUSETTS	150 percent, FS, AFDC, SSI, Med, EA, Wel, WIC, Vet Aid, Head Start
MICHIGAN	130 & 160 percent (over 60)
MINNESOTA	185 percent
MISSISSIPPI	150 percent, FS, SD
MISSOURI	125 & 160 percent (over 60 and disabled), FS, AFDC, SSI, Med, GA, Aid to Blind
MONTANA	150 percent, FS, AFDC, SSI, Med, EA, FDPIR, WIC, GA, Sub. Housing, Home Weatherization
NEBRASKA	185 percent, FS, AFDC, EA, State disability prog., Social Service, Refugee Resettlement, Neb. Med
NEVADA	150 percent
NEW HAMPSHIRE	150 percent, FS, AFDC, SSI, Med, EA, Wel, WIC, Sub. Housing, Aid to Blind & Aged, Unemployed below 150 percent
NEW JERSEY	185 percent, FS, AFDC, SSI, Med, WIC
NEW MEXICO	130 percent, FS, AFDC, Unemployment Cardholders
NEW YORK	185 percent, PA, SSI, EA, Unemployed below 185 percent
NORTH CAROLINA	130 percent, FS, SD
NORTH DAKOTA	150 percent, FS, AFDC, EA
OHIO	150 percent
OKLAHOMA	130 percent, FS, AFDC

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Table 1 (continued)

State	Income As a Percent of OMB Poverty Guidelines
OREGON	130 percent
PENNSYLVANIA	150 percent, FS, SSI, Med
RHODE ISLAND	FS, AFDC, SSI, Med, EA, WIC, PA, Elderly/Handicapped in Subsidized Housing
SOUTH CAROLINA	130 percent, FS, SD
SOUTH DAKOTA	185 percent
TENNESSEE	130 percent, FS, AFDC, SSI, Med, EA, SD, Public Housing
TEXAS	130 & 165 percent (over 65) FS, AFDC, SSI, Non-Inst Med
UTAH	185 percent
VERMONT	125 percent
VIRGIN ISLANDS	185 percent, FS, AFDC, SSI, Med, Subsidized Public Housing
VIRGINIA	130 percent, FS, AFDC, SSI, Med, PA
WASHINGTON	150 percent, FS, AFDC, SSI, Welfare, SD
WEST VIRGINIA	185 percent, FS, AFDC, SSI, EA
WISCONSIN	150 percent, SD
WYOMING	165 percent

Note:

Note:	FS	-	Food Stamps
	AFDC	-	Aid to Familes with Dependent Children
	SSI	-	Supplemental Security Income
	GA	-	General Assistance
	PA	-	Public Assistance
	Med	-	Medicaid
	EA	-	Energy Assistance
	WIC	-	Special Supplemental Program for Women, Infants and Children
	SD	-	Self Declared

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TABLE 2

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

Year	Dollars (millions)	Pounds (millions)
1982	179.5	121.7
1983	998.2	653.0
1984	1,074.6	850.3
1985	1,026.2	929.6
1986	895.2	948.0
1987	895.0	1,014.1
1988	632.6	692.1
1989	252.1	409.7

COMMODITY SUPPLEMENTAL FOOD PROGRAM (CSFP)

Purpose

To provide supplemental foods, in the form of commodities, and nutrition education to infants and children up to age 6, pregnant, postpartum or breastfeeding women, and elderly (persons 60 years old or older) who have low incomes and reside in approved project areas.

Service to the elderly began in 1982 with pilot projects in Des Moines, Iowa; Detroit, Michigan; and New Orleans, Louisiana. In 1985 legislation was passed allowing the participation of elderly outside the pilot sites if available resources exceed those needed to serve women, infants and children. Elderly are served by 12 of the 20 State agencies.

Authorization, Funding, and Administration

- Agriculture and Consumer Protection Act of 1973 (section 4a) as amended by the Agriculture and Food Act (P.L. 97-98) in 1981. The program, last reauthorized by the Food Security Act (P.L. 99-198) in 1985, is due for reauthorization in 1990.

- Federally funded. The appropriation finances the purchase of specific commodities and provides administrative funds equal to 15 percent of the appropriation and 15 percent of the value of donated foods, which are actually distributed to participants.

- State administered (20 State agencies).

- CSFP is not an entitlement program; availability is determined by overall appropriation and State allocations.

Filing Unit

Individual

Categorical Eligibility

Eligibility is limited to infants, children up to 6 years of age, pregnant, postpartum, or breastfeeding women and elderly persons, (i.e., those 60 years of age or older).

Categorically eligible participants must reside in approved project areas and meet the low-income criteria. A State agency may not impose any durational or fixed residency requirements. Income eligibility for women, infants and children is defined as eligibility for local benefits under existing Federal, State, or local food, health, or welfare programs. The income eligibility limit for elderly persons is 130 percent of poverty. At State option, nutritional risk can be included as an eligibility criterion.

Asset Limit

None

Means Test

Women, infants, and children must be income-eligible for local benefits under existing Federal, State or local food, health, or welfare programs for low-income people. There is no specific means test for categorically eligible women, infants and children, although in practice most States use 185 percent of poverty. Elderly participants' household incomes may not exceed 130 percent of poverty.

Countable Types of Income

Countable income types are not specified by law or regulation. Income eligibility is based on eligibility for local benefits under existing Federal, State or local food, health or welfare programs.

Benefit Formula

CSFP benefits are food packages of Federally purchased commodities that are usually issued once a month. Local agencies may choose to issue a two-month supply every other month. Five food packages are available, which may include infant formula, rice cereal, canned juice, nonfat dry milk and/or evaporated milk, dry beans or peanut butter, egg mix, canned fruits or vegetables, canned meat or poultry, dehydrated potatoes or rice or macaroni, and cereal or farina. When available, some of the food package items (such as dried milk) are donated free to the program as surplus Federal commodities. When available, other surplus foods (such as cheese, butter and honey) are provided as "bonus" foods which may be distributed at the option of the State agencies. The average monthly food package in Fiscal Year 1989 cost $16.21 per woman, infant, and child and $11.24 per elderly participant. The specific food packages are prescribed according to a participant's category and health status.

Indexing

OMB poverty guidelines are adjusted each July. No indexing of benefits is necessary since they are commodity food packages self-indexed to market conditions.

Characteristics of Recipients

In Fiscal Year 1989, about 11 percent of participants were women, 7 percent were infants, 43 percent were children, and 39 percent were elderly.

Interactions with the Food Stamp Program

CSFP benefits are not treated as countable income in the Food Stamp Program.

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Interactions with Other Programs

WIC and CSFP are similar programs with the primary distinction being that CSFP provides benefits in the form of commodities rather than vouchers for retail food purchases. There are also structural differences in eligibility criteria: children are eligible to age 6 in CSFP versus up to age 5 for WIC; and, postpartum women are eligible up to one year past delivery in CSFP versus 6 months past delivery in WIC. CSFP now operates in 20 States at 47 locations.

Eligibility

CSFP participants are not eligible to participate in the WIC Program, which provides similar benefits.

Sequencing of Income

Not applicable

Taxation of Benefits

CSFP benefits are not included in taxable income.

History of Recent Major Program Changes

No recent changes.

Program Statistics

FY	Program Cost ($ million)	Participants (thousands) Women, Infants, Children	Elderly
1986	$ 47.7	138.0	23.3
1987	$ 55.6	136.5	56.2
1988	$ 61.6	130.8	81.8
1989	$ 72.0	147.3	92.3

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References

7 CFR Part 247, 1989.

U.S. Department of Agriculture, Food and Nutrition Service, Program Information Division. Annual Historical Review of FNS Programs, Fiscal Year 1988.

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FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS (FDPIR) AND THE NEEDY FAMILY PROGRAM (NFP) IN THE TRUST TERRITORIES

Purpose

To provide access to a more nutritious diet by distributing commodity foods under the [illegible] or near Indian reservations, and, under the Needy Family Program (NFP), to low-income persons residing in the Republic of Palau, a Trust Territory in the Pacific, and in the Pacific islands of Bikini and Enewetak, which are in nuclear-affected zones.

Authorization, Funding, and Administration

- Section 416 of the Agricultural Act of 1949, Section 32 of Public Law 74-320, and Section 709 of the Food and Agricultural Act of 1963 provide authorization for the donation of commodities acquired under those sections. Needy Indians, through the NFP, were included as recipients of such donations.

- Section 4(a) of the Agriculture and Consumer Protection Act of 1973 as amended by Section 1304 of the Food and Agriculture Act of 1977 provides authorization for program operation on Indian Reservations.

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2) Govermental payments for home repair due to disaster damage, 3) income of students, and 4) other resources excluded by express provision of Federal statute.

Means Test

Participant income limits are the same as those set for the Food Stamp Program, increased by the amount of the standard deduction.

Countable Types of Income

All cash household income, including Federal assistance payments, is countable.

Exclusions

1. In-kind income.

2. Vendor payments. For example, a payment made to a household's creditor by a person or organization not belonging to that household.

3. Any income, not to exceed $30 per quarter, that is received irregularly or is not anticipated.

4. All loans, including education loans, on which payment is deferred.

5. Reimbursements for past or future expenses.

6. Payments received and used for the care of a third party beneficiary who is not a household member.

7. Earned income of students under 18 years of age.

8. Nonrecurring lump sum payments such as income tax refunds, rebates or credits, and retroactive public assistance, insurance, or retirement payments.

9. The cost of producing self-employment income.

10. Any income that is specifically excluded by any other Federal statute.

Deductions

Households are allowed a 20 percent deduction of their earned income. They are also allowed to deduct dependent care costs when necessary for continued employment or training for employment. This deduction cannot exceed the maximum dependent care deduction allowed under the Food Stamp Program.

Benefit Formula

State agencies and ITOs are entitled to permit all eligible participants to be served, subject to available appropriation.

Household benefits, which are monthly food packages, are not adjusted according to income levels. Once determined eligible, a household can obtain the maximum food package offered. Food packages are allocated based on the number of household members. The average value of benefits in Fiscal Year 1990 was about $38.69 per person per month.

Indexing

Income eligibility standards are adjusted as necessary to reflect changes in the Food Stamp Program.

Characteristics of Recipients

The following information is from the 1989 evaluation of FDPIR.

- One-third of households have income below 50 percent of poverty.
- Most households receive income assistance.
- 40 percent of households are composed of 1-2 persons.
- 50 percent of households have children and 39 percent have an elderly member.

Interactions with the Food Stamp Program

FDPIR is an alternative to the FSP on Indian reservations, which tend to be in rural areas, or in areas where food stores are inconveniently located. Program recipients may not participate in FDPIR and FSP at the same time. Eligible households may switch from one program to the other, if both programs are available in their area. In Palau, the Needy Family Program is the only food assistance program; the FSP is not present.

Interactions with Other Programs

Payments from Supplemental Security Income, AFDC, General Assistance, and other assistance programs are included in countable income.

History of Recent Major Program Changes

No recent significant changes.

Program Statistics

An average of over 138,500 individuals participated monthly in FDPIR during Fiscal Year 1989. Participation in NFP averaged over 2,800 persons per month.

References

7 C.F.R. Parts 253 and 254, 1989.

Research Triangle Institute. Evaluation of the Food Distribution Program on Indian Reservations. Research Triangle Park, N.C.: Research Triangle Institute, 1990.

COMMODITY DISTRIBUTION TO CHARITABLE INSTITUTIONS AND SUMMER CAMPS

Purpose

To provide commodities to non-profit charitable institutions serving the needy and to summer camps for children.

Authorization, Funding, and Administration

- Section 416 of The Agricultural Act of 1949 and Section 32 of Public law 74-320 provide authorization for the distribution of commodities.
- Federally funded.
- Administered by FNS and monitored by States.

Filing Unit

Not applicable; assistance is provided to institutions that serve meals.

Categorical Eligibility

Persons serviced by charitable institutions or who are determined eligible for services may receive meals using donated commodities. Children under 18 years of age attending summer camps, which do not participate in the Summer Food Service Program under the National School Lunch Act, are eligible.

Eligible charitable institutions include non-penal, non-educational, non-profit organizations such as homes for the elderly, congregate meals programs, hospitals, soup kitchens, and orphanages not participating in other child nutrition programs.

Asset Limit

Not applicable

Means Test

Eligibility criteria are set by charitable institutions.

Countable Income Types

Not applicable

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Benefit Formula

Commodities are allocated to States based on the number of meals served by eligible charitable institutions to needy persons.

Indexing

None

Characteristics of Recipients

Not available

Interactions with the Food Stamp Program

None

Interactions with other Programs

None

History of Legislative Changes

No recent changes.

Program Statistics

It is estimated that over 15,000 charitable institutions will receive donated commodities during Fiscal Year 1990. Commodities valued at $131 million were donated to charitable institutions and foods valued at $6 million were distributed to summer camps during Fiscal Year 1989.

References

Food and Nutrition Service administrative data.